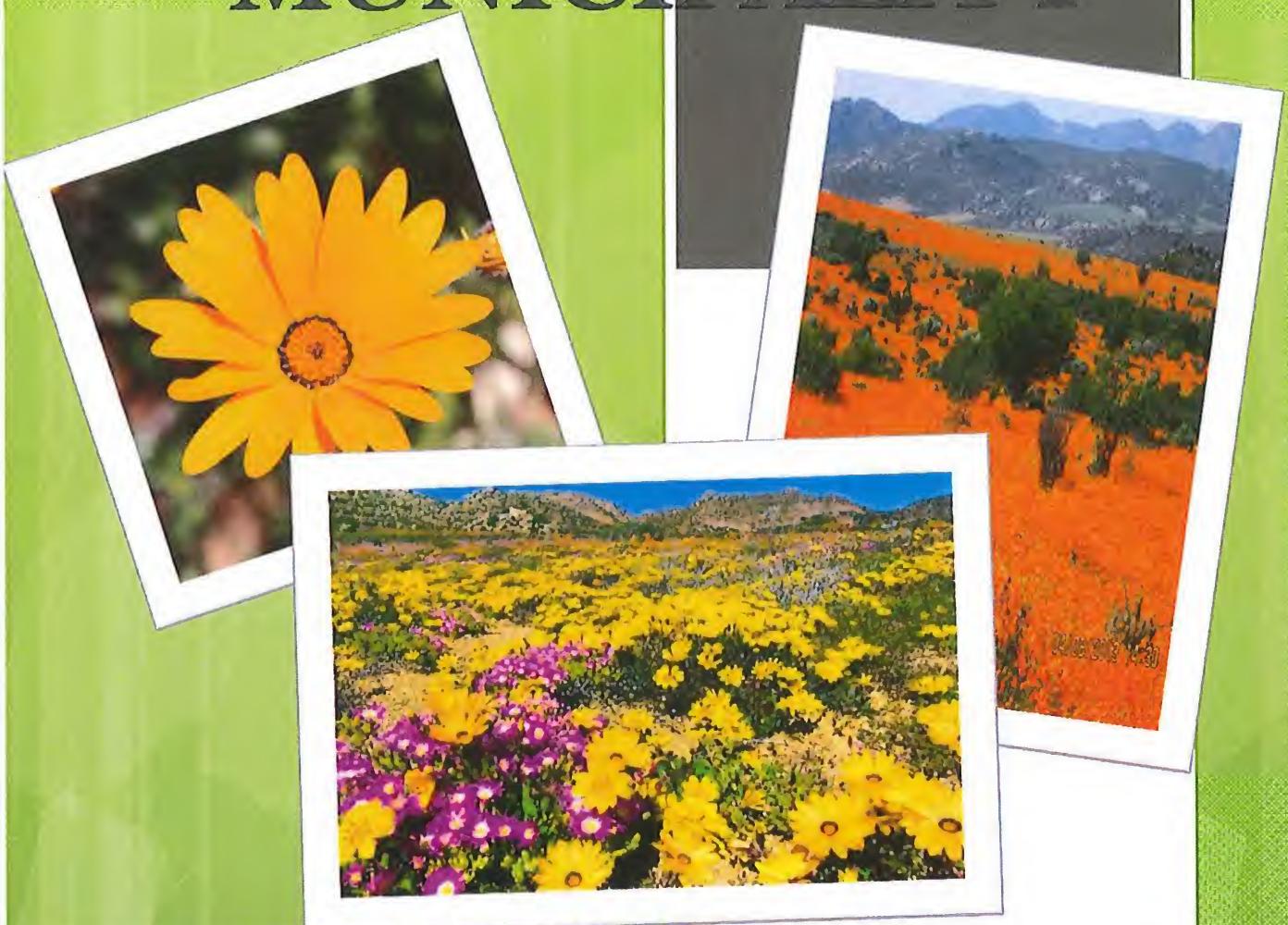
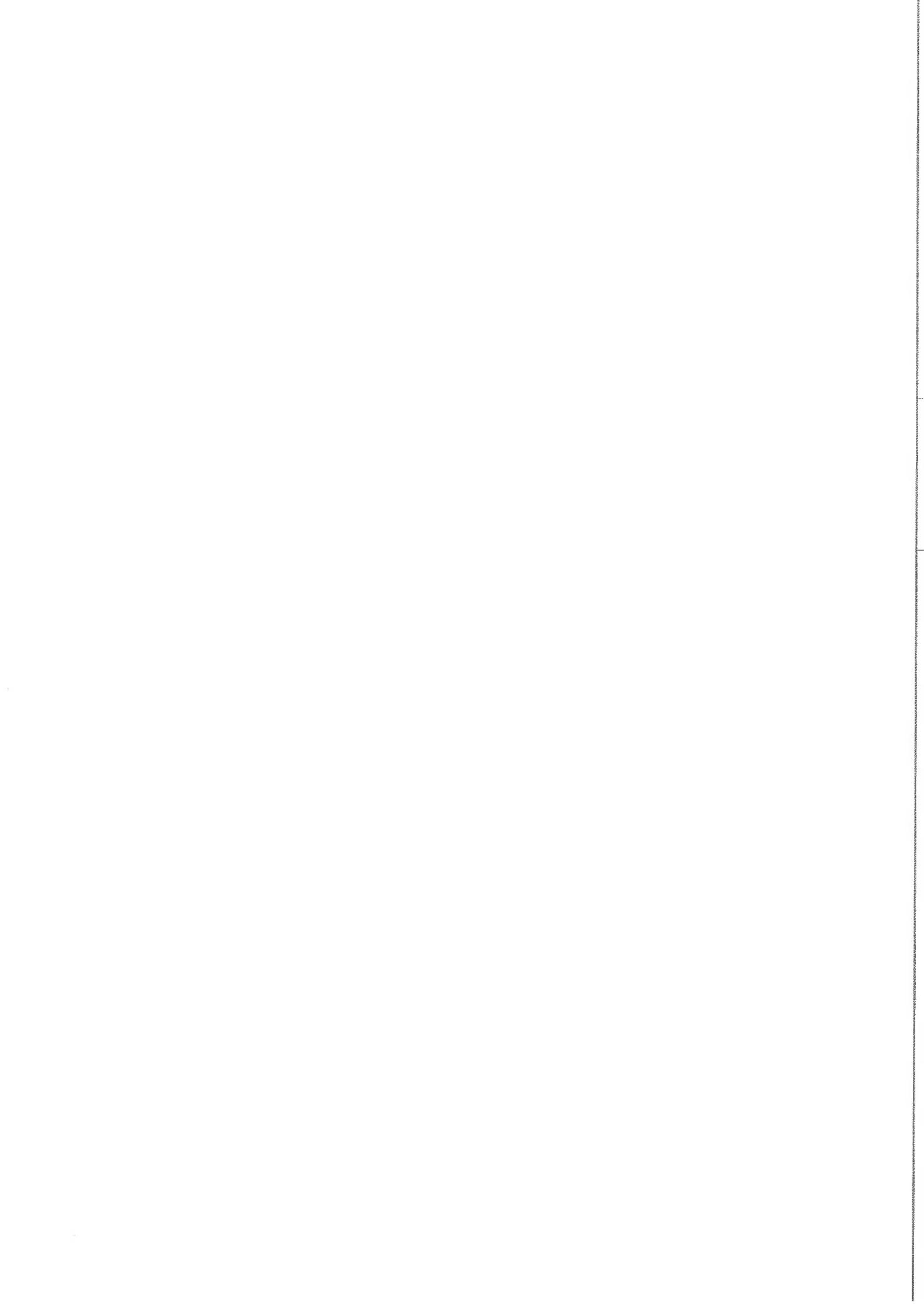


# NAMAKWA DISTRICT MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2015



# Annual Financial Statements

for

## *Namakwa District Municipality*

for the year ended 30 June: **2015**

Province:	Northern Cape
AFS rounding:	R (i.e. only cents)

### Contact Information:

Name of Municipal Manager:	Christiaan Jacobus Fortuin
Name of Chief Financial Officer:	Rajiv Datadin
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Contact e-mail address:	012 315 5079

**Namakwa District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**General information**

**Members of the Council**

BG Vass	Mayor
MS Cardinal	Speaker
P van Heerden	Member of the Executive Committee
SD Hoskin	Member of the Executive Committee
GY Pieters	Member of the Executive Committee
EC Drage-Maritz	Member
GJ Engelbrecht	Member
CR Warne	Member
J Swarts	Member
P van Heerden	Member
KR Groenewald	Member
S van Wyk	Member
J van der Colff	Member
WJ Links	Member
GJ Coetzee	Member
SJ Engelbrecht	Member

**Municipal Manager**

Christiaan Jacobus Fortuin

**Chief Financial Officer**

Rajiv Datadin

**Grading of Local Authority**

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

**Auditors**

Auditor-General

**Bankers**

Absa Bank

**Namakwa District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**General information (continued)**

**Registered Office:** Namakwa District Municipality Building

**Physical address:**  
Van Riebeeck Street  
Springbok  
8240

**Postal address:**  
Private Bag X20  
SPRINGBOK  
8240

**Telephone number:** (027) 712 8000

**Fax number:** (027) 712 8040

**E-mail address:** [info@namakwa-dm.gov.za](mailto:info@namakwa-dm.gov.za)

**Relevant Legislation:**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Municipal Budget and Reporting Regulations

**Namakwa District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 93, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



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Municipal Manager: Christiaan Jacobus Fortuin

31 August 2015

**Namakwa District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

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**Namakwa District Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2015

	Note	2015 R	2014 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	27 833 079	49 501 761
Receivables from non-exchange transactions	2	4 381 452	243 214
VAT receivable	8	329 339	330 201
<b>Non-current assets</b>			
Investments	3	1 146	1 146
Property, plant and equipment	4	10 352 593	10 212 839
Intangible assets	5	1 030 562	1 043 650
Investment property carried at cost	6	180 937	199 030
<b>Total assets</b>		<b>44 109 109</b>	<b>61 531 841</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	7	1 147 941	2 761 164
Current employee benefits	9	3 163 662	3 248 711
Current portion of unspent conditional grants and receipts	10	2 090 015	9 049 487
Current portion of finance lease liability	11	97 301	72 062
<b>Non-current liabilities</b>			
Non-current finance lease liability	11	343 296	137 407
Non-current employee benefits	12	18 253 082	18 031 006
<b>Total liabilities</b>		<b>25 095 296</b>	<b>33 299 836</b>
<b>Net assets</b>		<b>19 013 812</b>	<b>28 232 005</b>
<b>NET ASSETS</b>			
Reserves		538 429	1 514 731
Accumulated surplus / (deficit)		18 475 383	26 717 273
<b>Total net assets</b>		<b>19 013 812</b>	<b>28 232 005</b>

**Namakwa District Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2015

	Note	2015 R	2014 R
<b>Revenue</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>45 756 773</b>	<b>38 579 625</b>
<b>Transfer Revenue</b>			
Government grants and subsidies	16	45 260 313	38 194 920
<b>Other Revenue</b>			
Actuarial Gains	17	496 460	384 705
<b>Revenue from Exchange Transactions</b>		<b>3 995 232</b>	<b>4 782 369</b>
Rental of facilities and equipment	13	634 903	585 122
Interest earned - external investments	14	2 287 472	2 805 105
Interest earned - outstanding receivables	15	59 060	59 053
Other income	17	1 013 797	1 333 090
<b>Total revenue</b>		<b>49 752 005</b>	<b>43 361 994</b>
<b>Expenses</b>			
Employee related costs	18	27 325 473	25 047 000
Remuneration of councillors	19	2 582 887	2 422 303
Debt impairment	2	928 529	349 828
Depreciation and amortisation expense	20	2 046 075	1 877 911
Repairs and maintenance		640 823	662 412
Finance costs	21	1 610 733	1 494 457
Contracted services	22	-	469 206
Grants and subsidies paid	23	7 479 567	3 425 414
General expenses	24	16 324 141	15 761 874
<b>Total expenses</b>		<b>58 938 228</b>	<b>51 510 404</b>
<b>Gain / (loss) on sale of assets</b>	25	<b>(27 357)</b>	<b>13 665</b>
<b>(Impairment loss) / Reversal of impairment loss</b>	26	<b>(4 613)</b>	<b>(1 202)</b>
<b>Surplus / (deficit) for the period</b>		<b>(9 218 193)</b>	<b>(8 135 946)</b>

STATEMENT OF CHANGES IN NET ASSETS								
	Contingency Fund	Maintenance fund	Capital Reserve	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets		
Note	R	R	R	R	R	R	R	
Balance at 30 June 2013								
Changes in accounting policy	791 594	22 233	125 429	939 256	35 333 164	36 272 419		
Correction of prior period error	-	-	-	-	-	-		
<b>Restated balance</b>	<b>791 594</b>	<b>22 233</b>	<b>125 429</b>	<b>939 256</b>	<b>35 428 695</b>	<b>36 367 951</b>		
Surplus / (deficit) on revaluation of property, plant and equipment	(389 064)	(22 233)	-	(411 297)	411 297	-		
Transfer from reserves				(2 579 738)	2 579 738	-		
Property, Plant and Equipment purchased				3 566 571	3 566 571	(3 566 571)		
Transfer to CRR				-	(8 135 946)	(8 135 946)		
Surplus / (deficit) for the period	402 530	-	1 112 202	1 514 731	26 717 273	28 232 005		
Balance at 30 June 2014								
Surplus / (deficit) on revaluation of property, plant and equipment	(326 851)	-	-	(326 851)	-	-		
Transfer from reserves	-	-		(281 599)	326 851			
Property, Plant and Equipment purchased	-	-		(367 883)	(281 599)	281 599		
Transfer to CRR	-	-		-	(367 883)	367 853		
Surplus / (deficit) for the period	75 679	-	462 750	538 429	(9 218 193)	(9 218 193)		
Balance at 30 June 2015					18 475 383	19 013 872		

**Namakwa District Municipality**  
**CASH FLOW STATEMENT**  
as at 30 June 2015

	Note	2015 R	2014 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		41 380 388	48 698 619
Taxation - Property Rates		43 759	44 344
Sales of goods and services		-	-
Grants		38 300 842	43 713 776
Interest received		2 287 472	2 805 105
Other receipts		748 315	2 135 394
Payments		61 093 578	54 878 686
Employee costs		30 877 611	28 232 338
Suppliers		30 207 973	26 611 289
Interest paid		7 994	35 059
Net cash flows from operating activities	28	<u>(19 713 191)</u>	<u>(6 180 066)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(2 316 942)	(3 648 062)
Purchase of Intangible Assets		(247 156)	(95 758)
Proceeds from disposal of assets		377 479	193 112
Purchase of foreign currency securities			
Net cash flows from investing activities		<u>(2 186 619)</u>	<u>(3 550 708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans raised		324 477	71 990
Repayment of borrowings		(93 349)	(94 230)
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		<u>231 128</u>	<u>(22 240)</u>
Net increase / (decrease) in net cash and cash equivalents		(21 668 682)	(9 753 014)
Net cash and cash equivalents at beginning of period		49 501 761	59 254 671
Net cash and cash equivalents at end of period	29	<u>27 833 079</u>	<u>49 501 657</u>

**Namakwa District Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION**  
for the year ended 30 June 2015

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
								(i.t.o. Council approved by-law)
	R	R	R	R	R	R	R	%
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	43.2.1	2 258 066	(509 787)	1 748 279	-	-	1 748 279	1 312 728 -24.91%
Call Investment Deposits		39 610 850	(16 361 957)	23 248 893	-	-	23 248 893	26 520 352 14.07%
Consumer Debtors		-	922 340	922 340	-	-	922 340	-
Other Debtors	43.2.1	1 056 000	-	1 056 000	-	-	1 056 000	4 710 791 346.10%
Current Portion of long-term receivables		-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>43.2.1</b>	<b>42 924 915</b>	<b>(15 949 404)</b>	<b>26 975 512</b>	-	-	<b>26 975 512</b>	<b>32 543 870 120.64%</b>
<b>Non-Current Assets</b>								
Long-term receivables		-	-	-	-	-	-	-
Investments		1 146	-	1 146	-	-	1 146	1 146 -
Investment Property	43.2.2	159 791	14 481	174 272	-	-	174 272	180 937 3.82%
Investment in Associates		-	-	-	-	-	-	-
Property, Plant and Equipment	43.2.2	7 244 940	3 597 565	10 842 505	-	-	10 842 505	10 352 593 -4.52%
Agricultural Assets		-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-
Intangible Assets		713 868	92 222	806 090	-	-	806 090	1 030 562 27.85%
Other Non-Current Assets		-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>43.2.2</b>	<b>8 119 745</b>	<b>3 704 268</b>	<b>11 824 013</b>	-	-	<b>11 824 013</b>	<b>11 565 238 -2.19%</b>
<b>TOTAL ASSETS</b>		<b>51 044 660</b>	<b>(12 245 136)</b>	<b>38 799 525</b>	-	-	<b>38 799 525</b>	<b>44 109 109 13.68%</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Bank Overdraft		-	-	-	-	-	-	-
Borrowing	43.2.3	-	-	-	-	-	97 301	100.00%
Consumer Deposits		-	-	-	-	-	-	-
Trade and Other Payables	43.2.3	3 058 815	519 454	3 578 269	-	-	3 578 269	3 237 956 -8.51%
Provisions	43.2.3	1 712 051	84 775	1 796 826	-	-	1 796 826	3 163 662 76.07%
<b>Total Current Liabilities</b>	<b>43.2.3</b>	<b>4 770 866</b>	<b>604 229</b>	<b>5 375 095</b>	-	-	<b>5 375 095</b>	<b>6 498 919 20.91%</b>
<b>Non-Current Liabilities</b>								
Borrowing	43.2.4	86 506	(27 742)	58 764	-	-	58 764	343 296 484.19%
Provisions	43.2.4	20 266 451	(194 224)	20 072 227	-	-	20 072 227	18 253 082 -9.06%
<b>Total Non-Current Liabilities</b>	<b>43.2.4</b>	<b>20 352 957</b>	<b>(221 966)</b>	<b>20 130 991</b>	-	-	<b>20 130 991</b>	<b>18 596 377 -7.62%</b>
<b>TOTAL LIABILITIES</b>		<b>25 123 823</b>	<b>382 263</b>	<b>25 506 086</b>	-	-	<b>25 506 086</b>	<b>25 095 296 -1.61%</b>
<b>NET ASSETS</b>								
Accumulated Surplus/(Deficit)	43.2.5	25 613 338	(13 834 630)	11 778 707	-	-	11 778 707	18 475 383 56.85%
Reserves	43.2.5	307 500	1 207 232	1 514 732	-	-	1 514 732	538 429 -64.45%
Minorities' Interests		-	-	-	-	-	-	0.00%
<b>TOTAL NET ASSETS</b>	<b>43.2.5</b>	<b>25 920 838</b>	<b>(12 627 398)</b>	<b>13 293 439</b>	-	-	<b>13 293 439</b>	<b>19 013 812 43.03%</b>

**Namakwa District Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2015

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds	Virement (i.t.o. s31 of the MFMA)	Final Budget (i.t.o. Council approved by- law)	Actual Outcome as % of Final Budget	
							2014	2014
	R	R	R	R	R	R	R	%
<b>REVENUE</b>								
Property Rates	-	-	-	-	-	-	-	-
Property Rates - Penalties & Collection Charges	-	-	-	-	-	-	-	-
Service Charges - Electricity Revenue	-	-	-	-	-	-	-	-
Service Charges - Water Revenue	-	-	-	-	-	-	-	-
Service Charges - Sanitation Revenue	-	-	-	-	-	-	-	-
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-
Service Charges - Other Revenue	43.2.6	747 000	747 000	-	-	747 000	634 903	-15.01%
Rental of Facilities and Equipment	43.2.6	1 950 000	1 950 000	-	-	1 950 000	2 287 472	17.31%
Interest Earned - External Investments	43.2.6	100 000	100 000	-	-	100 000	59 060	-40.94%
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	-	-
Dividends Received	-	5 000	5 000	-	-	-	5 000	-
Fines	-	-	-	-	-	-	-	-
Licences and Permits	43.2.6	6 372 460	906 798	7 279 258	-	7 279 258	3 946 470	-45.78%
Agency Services	43.2.6	80 623 511	2 081 888	82 705 399	-	82 705 399	50 417 440	-39.04%
Transfers Recognised - Operational	43.2.6	485 000	-	485 000	-	485 000	1 510 257	211.39%
Other Revenue	43.2.6	-	-	-	-	-	-	0.00%
Gains on Disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	43.2.6	90 282 971	2 988 686	93 271 657	-	93 271 657	58 855 602	-36.90%
<b>EXPENDITURE</b>								
Employee Related Costs	34 505 777	(860 665)	33 645 112	-	33 645 112	31 793 684	-	-5.50%
Remuneration of Councillors	2 616 458	-	2 616 458	-	2 616 458	2 582 887	-	-1.28%
Debt Impairment	-	-	-	-	-	928 529	100.00%	-
Depreciation and Asset Impairment	43.2.7	2 040 000	2 040 000	-	-	2 040 000	2 046 075	0.30%
Finance Charges	43.2.7	1 491 586	1 491 586	-	-	1 491 586	1 610 733	7.99%
Bulk Purchases	-	-	-	-	-	-	-	-
Other Materials	-	-	-	-	-	37 764 132	3 381 944	-91.04%
Contracted Services	43.2.7	36 894 132	870 000	37 764 132	-	6 425 223	7 479 567	16.41%
Transfers and Grants	43.2.7	4 500 000	1 925 223	6 425 223	-	20 535 493	18 223 020	-11.26%
Other Expenditure	43.2.7	17 601 578	2 933 915	20 535 493	-	-	27 357	100.00%
Loss on Disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	43.2.7	99 649 531	4 868 473	104 518 004	-	-	104 518 004	68 073 795
								-34.87%

Surplus/(Deficit)	(9 366 561)	(1 879 787)	(11 246 348)	-	-	(11 246 348)	(9 218 193)	-18.03%
Transfers Recognised - Capital	846 500	816 500	1 663 000			1 663 000	-	-100.00%
Contributions Recognised - Capital	-	-	-			-	-	-
Contributed Assets	-	-	-			-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(8 520 061)</b>	<b>(1 063 287)</b>	<b>(9 583 348)</b>			<b>(9 583 348)</b>	<b>(9 218 193)</b>	<b>-3.81%</b>
Taxation	-	-	-			-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>(8 520 061)</b>	<b>(1 063 287)</b>	<b>(9 583 348)</b>			<b>(9 583 348)</b>	<b>(9 218 193)</b>	<b>-3.81%</b>
Attributable to Minorities	-	-	-			-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>(8 520 061)</b>	<b>(1 063 287)</b>	<b>(9 583 348)</b>			<b>(9 583 348)</b>	<b>(9 218 193)</b>	<b>-3.81%</b>
Share of Surplus/(Deficit) of Associate	-	-	-			-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(8 520 061)</b>	<b>(1 063 287)</b>	<b>(9 583 348)</b>			<b>(9 583 348)</b>	<b>(9 218 193)</b>	<b>-3.81%</b>

**Namakwa District Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the WFMVA)	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget (i.t.o. s31 of the WFMVA)	Actual Outcome		Actual Outcome as % of Final Budget							
							R	R								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>																
<b>Receipts</b>																
43.2.8	7 709 460	906 798	8 616 258			8 616 258	792 074	-90.81%								
43.2.8	80 633 511	2 898 388	83 521 899			83 521 899	37 346 930	-55.28%								
43.2.8	846 500	-	846 500			846 500	953 831	12.68%								
43.2.8	1 950 000	-	1 950 000			1 950 000	2 287 472	17.31%								
Dividends	-	-	-			-	-	-								
Payments																
Suppliers and Employees	43.2.8	(93 694 073)	2 129 537	(91 564 536)		(91 564 536)	(53 606 017)	-41.46%								
Finance Charges	43.2.8	(4 500 000)	(1 925 223)	(6 425 223)		-	(7 994)	-100.00%								
Transfers and Grants	43.2.8	(7 054 603)	4 009 500	(3 055 103)		(6 425 223)	(7 478 557)	16.41%								
Net Cash from/(used) Operating Activities						(3 055 103)	(19 713 191)	545.25%								
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>																
<b>Receipts</b>																
Proceeds on disposal of PPE	43.2.9	-	-			-	-	100.00%								
Decrease/(Increase) in Non-Current Debtors		-	-			-	-	-								
Decrease/(Increase) in Other Non-Current Receivables		-	-			-	-	-								
Decrease/(Increase) in Non-Current Investments		-	-			-	-	-								
Payments																
Capital Assets	43.2.9	(1 154 000)	(1 253 349)	(2 407 349)		-	(2 407 349)	(2 564 098)	6.51%							
Net Cash from/(used) Investing Activities	43.2.9	(1 154 000)	(1 253 349)	(2 407 349)		-	(2 407 349)	(2 186 619)	-9.17%							
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>																
<b>Receipts</b>																
Short Term Loans	43.2.10	-	-			-	-	100.00%								
Borrowing long term/refinancing		-	-			-	-	-								
Increase/(Decrease) in Consumer Deposits		-	-			-	-	-								
Payments																
Repayment of Borrowing	43.2.10	-	27 742	27 742		-	27 742	(93 349)	-436.49%							
Net Cash from/(used) Financing Activities																
NET INCREASE/(DECREASE) IN CASH HELD		(8 218 603)	2 783 893	(5 434 709)		(5 434 709)	(21 668 632)	298.71%								
Cash and Cash Equivalents at the year begin:		50 037 518	(19 655 637)	30 431 881		30 431 881	49 501 761	62.66%								
Cash and Cash Equivalents at the year end:		41 868 915	(16 871 744)	24 987 172		24 987 172	27 833 079	11.34%								

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

**1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.7. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 18 (Original – Feb 2011)	<p><b><u>Segment Reporting</u></b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – Jun 2011)	<p><b><u>Related Party Disclosure</u></b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p><b><u>Service Concession Arrangements: Grantor</u></b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p><b><u>Transfer of Functions Between Entities Under Common Control</u></b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p><b><u>Transfer of Functions Between Entities Not Under Common Control</u></b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

GRAP 107 (Original – Nov 2010)	<p><b>Mergers</b></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
IGRAP 11	<p><b>Consolidation - Special Purpose Entities (SPE)</b></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p><b>Jointly Controlled Entities non-monetary contributions</b></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
IGRAP 17	<p><b>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</b></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.</p>	Unknown
Directive 11	<p><b>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</b></p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing the measurement bases.</p>	1 April 2015

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

## **1.9. RESERVES**

### **1.9.1. *Capital Replacement Reserve (CRR)***

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

## **1.10. LEASES**

### **1.10.1. *Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### **1.10.2. *Municipality as Lessor***

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

#### **1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### **1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

#### **1.14. EMPLOYEE BENEFITS**

##### **(a) *Pension and Retirement Fund Obligations***

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### **(b) *Post-Retirement Medical Obligations***

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**(c) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(d) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**(e) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**(f) Other Short-term Employee Benefits**

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

## **1.15. PROPERTY, PLANT AND EQUIPMENT**

### ***1.15.1. Initial Recognition***

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### ***1.15.2. Subsequent Measurement – Cost Model***

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1.15.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b>Infrastructure</b>		<b>Other</b>	
Roads, pavements and bridges	10-30	General Vehicles	5-15
Storm Water	20	Specialised Vehicles	5-10
Electricity	20-30	Plant & Equipment	3-15
Water	15-20	Computers	3-5
Sanitation	15-20	Furniture and other office equipment	3-15
Waste Management	30	Abattoirs	20-30
Other		Markets	20-30
		Other Buildings	50
<b>Community</b>		<b>Finance lease assets</b>	
Sports fields and Stadia	20-30	Office equipment	3
Housing	20-30	Other assets	5
Recreation Facilities	20-30		
Community Halls	20-30		
Libraries	20-30		
Parks and gardens	20-30		
Clinics	20-30		
Security and Policing	5		
Other assets	15-20		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1.15.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.16. INTANGIBLE ASSETS**

**1.16.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### **1.16.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### **1.16.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	7
Computer Software Licenses	7

#### **1.16.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**NAMAKWA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**1.16.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.17. INVESTMENT PROPERTY**

**1.17.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.17.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.17.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition

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necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<b><u>Investment Property</u></b>	<b>Years</b>
Buildings	50

**1.17.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.18.1. Cash generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;

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- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions

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used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.18.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

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The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the

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case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.19. NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.20. INVENTORIES**

##### ***1.20.1. Initial Recognition***

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### ***1.20.2. Subsequent Measurement***

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and

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slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

## **1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

### ***1.21.1. Initial Recognition***

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### ***1.21.2. Subsequent Measurement***

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### ***1.21.2.1. Receivables***

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor

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will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.21.2.2. Payables and Annuity Loans**

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.21.3. *De-recognition***

**1.21.3.1. *Financial Assets***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.21.3.2. *Financial Liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the

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difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.21.4. *Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.22. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.22.1. *Initial Recognition***

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

**1.22.2. *Subsequent Measurement***

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the

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estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.22.3. *Derecognition***

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - i. derecognise the receivable; and
  - ii. recognise separately any rights and obligations created or retained in the transfer.

**1.23. REVENUE**

**1.23.1. *Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

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Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.23.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;

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- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or

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receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.24. TRANSFER OF FUNCTIONS (Municipality as acquirer)**

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

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- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

#### **1.25. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

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- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or

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employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources

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embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### ***Post-retirement medical obligations and Long service***

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 12 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### ***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

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- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### ***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### ***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold

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or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and Contingent Liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

**1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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**1.32. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.33. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

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	Note	2015 R	2014 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		500	500
Cash at bank		1 312 228	4 615 430
Call deposits		26 520 352	44 885 831
		<b>27 833 079</b>	<b>49 501 761</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R4 280 430 are held to fund the Unspent Conditional Grants (2013: R11 281 323).

The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

ABSA Bank Limited - Account Number 2210000014 (Primary Bank Account):		1 312 228	4 615 020
Cash book balance at beginning of year		<b>4 615 430</b>	<b>3 133 191</b>
Correction of error - Note 27.3		-	410
Cash book balance at end of year		<b>1 312 228</b>	<b>4 615 430</b>
Bank statement balance at beginning of year		<b>4 650 011</b>	<b>3 139 943</b>
Bank statement balance at end of year		<b>1 320 683</b>	<b>4 650 011</b>

**Call Investment Deposits**

ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):		462 749	1 112 202
BOE Bank - Account Number NAMAK001/83 (Call Deposit):		19 616 440	28 244 523
ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):		648 963	648 963
ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):		33 864	900 706
ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):		799 146	1 026 355
ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):		4 718	50 229
Nuveweld Co-op (Members Interest Fund):		1 804	1 804
ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):		75 679	402 530
ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):		318 144	2 454
ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds):		207 475	207 475
ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):		5 290	5 290
ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund):		3 013	3 013
ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):		2 001	81 134
ABSA Bank Limited - Account Number 91 0726 7005 (IDP):		398 885	458 222
ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):		2 297	2 297
ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):		54 239	54 239
ABSA Bank Limited - Account Number 92 9745 9861 (Depositor Plus):		97 104	-
ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge):		8 187	8 187
Investec Bank Limited - Account Number 1100 519041 620 (Call Deposit):		209 502	-
ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System):		130 665	213 395
ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant):		125 806	896 659
ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS):		2 255	2 255
ABSA Bank Limited - Account Number 91 0991 1123 (Department of Transport):		2 631 487	2 631 487
ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System):		15 227	15 227
ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):		3 842	2 000
ABSA Bank Limited - Account Number 91 2287 0758 (MIG):		5 546	5 546
ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water):		291 450	258 160
ABSA Bank Limited - Account Number 92 7425 5686 (Dept. Agriculture, Forestry and Fisheries):		3 220	1 009 266
ABSA Bank Limited - Account Number 92 7425 5709 (Civil Defence Grant):		249 403	217 000
ABSA Bank Limited - Account Number 92 7425 5074 (Khotso Pula Nala):		111 951	6 425 215
<b>Sub-total for Call Investment Deposits</b>		<b>26 520 352</b>	<b>44 885 831</b>

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	Note	2015 R	2014 R
<i>Total Call Investment Deposits are as follows:</i>			
Cash book balance at beginning of year		44 885 831	56 120 675
Cash book balance at end of year		26 520 352	44 885 831
Bank statement balance at beginning of year		44 885 831	56 137 453
Bank statement balance at end of year		26 520 333	44 885 831
<i>Details of Call Investment Deposits are as follows:</i>			
<i>ABSA Bank Limited - Account Number 2218151720 (Capital Replacement Reserve):</i>			
Cash book balance at beginning of year		1 112 202	125 429
Cash book balance at end of year		462 749	1 112 202
Bank statement balance at beginning of year		1 112 202	125 429
Bank statement balance at end of year		462 749	1 112 202
<i>BOE Bank - Account Number NAMAK001/83 (Call Deposit):</i>			
Cash book balance at beginirning of year		28 244 523	39 301 957
Cash book balance at end of year		19 616 440	28 244 523
Bank statement balance at beginning of year		28 244 523	39 301 957
Bank stafement balance at end of year		19 616 440	28 244 523
<i>ABSA Bank Limited - Account Number 90 6918 2890 (Call Deposit):</i>			
Cash book balance at beginning of year		648 963	648 963
Cash book balance at end of year		648 963	648 963
Bank statement balance at beginning of year		648 963	648 963
Bank statement balance at end of year		648 963	648 963
<i>ABSA Bank Limited - Account Number 20 6629 1015 (Call Deposit):</i>			
Cash book balance at beginning of year		900 706	477 034
Cash book balance at end of year		33 864	900 706
Bank statement balance at beginning of year		900 706	477 034
Bank statement balance at end of year		33 864	900 706
<i>ABSA Bank Limited - Account Number 20 7051 8265 (Call Deposit):</i>			
Cash book balance at beginning of year		-	310 426
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	310 426
Bank statement balance at end of year		-	-

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	Note	2015 R	2014 R
<b>ABSA Bank Limited - Account Number 90 7473 1242 (Leave Reserve):</b>			
Cash book balance at beginning of year		1 026 355	1 104 653
Cash book balance at end of year		799 146	1 026 355
Bank statement balance at beginning of year		1 026 355	1 107 498
Bank statement balance at end of year		799 146	1 026 355
 <b>ABSA Bank Limited - Account Number 91 1091 2063 (Finance Management Grant):</b>			
Cash book balance at beginning of year		50 229	74 944
Cash book balance at end of year		4 718	50 229
Bank statement balance at beginning of year		50 229	75 458
Bank statement balance at end of year		4 718	50 229
 <b>Nuweveld Co-op (Members Interest Fund):</b>			
Cash book balance at beginning of year		1 804	1 804
Cash book balance at end of year		1 804	1 804
Bank statement balance at beginning of year		1 804	1 804
Bank statement balance at end of year		1 804	1 804
 <b>ABSA Bank Limited - Account Number 22 1815 8326 (Contingency Fund):</b>			
Cash book balance at beginning of year		402 530	791 594
Cash book balance at end of year		75 679	402 530
Bank statement balance at beginning of year		402 530	791 594
Bank statement balance at end of year		75 679	402 530
 <b>ABSA Bank Limited - Account Number 91 0726 5605 (Municipal System Improvement Grant):</b>			
Cash book balance at beginning of year		2 454	3 115
Cash book balance at end of year		318 144	2 454
Bank statement balance at beginning of year		2 454	3 115
Bank statement balance at end of year		318 144	2 454
 <b>ABSA Bank Limited - Account Number 91 9251 2118 (Swartzkop Sportgrounds):</b>			
Cash book balance at beginning of year		207 475	207 475
Cash book balance at end of year		207 475	207 475
Bank statement balance at beginning of year		207 475	207 475
Bank statement balance at end of year		207 475	207 475
 <b>ABSA Bank Limited - Account Number 91 9251 2477 (Spoegrivier Sportgrounds):</b>			
Cash book balance at beginning of year		5 290	5 290
Cash book balance at end of year		5 290	5 290
Bank statement balance at beginning of year		5 290	5 290
Bank statement balance at end of year		5 271	5 290

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	Note	2015 R	2014 R
<b>ABSA Bank Limited - Account Number 91 0726 6025 (Richtersveld Special Fund):</b>			
Cash book balance at beginning of year		3 013	3 013
Cash book balance at end of year		3 013	3 013
Bank statement balance at beginning of year		3 013	3 013
Bank statement balance at end of year		3 013	3 013
<b>ABSA Bank Limited - Account Number 91 4340 6867 (EPWP):</b>			
Cash book balance at beginning of year		81 134	416 523
Cash book balance at end of year		2 001	81 134
Bank statement balance at beginning of year		81 134	416 523
Bank statement balance at end of year		2 001	81 134
<b>ABSA Bank Limited - Account Number 91 0726 7005 (IDP):</b>			
Cash book balance at beginning of year		458 222	342 065
Cash book balance at end of year		398 885	458 222
Bank statement balance at beginning of year		458 222	342 065
Bank statement balance at end of year		398 885	458 222
<b>ABSA Bank Limited - Account Number 91 0726 7128 (Fencing):</b>			
Cash book balance at beginning of year		-	42 555
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	42 555
Bank statement balance at end of year		-	-
<b>ABSA Bank Limited - Account Number 91 0726 7209 (Kamiesberg Special Fund):</b>			
Cash book balance at beginning of year		2 297	2 297
Cash book balance at end of year		2 297	2 297
Bank statement balance at beginning of year		2 297	2 297
Bank statement balance at end of year		2 297	2 297
<b>ABSA Bank Limited - Account Number 91 0726 7306 (Border Fencing):</b>			
Cash book balance at beginning of year		54 239	54 239
Cash book balance at end of year		54 239	54 239
Bank statement balance at beginning of year		54 239	54 239
Bank statement balance at end of year		54 239	54 239
<b>ABSA Bank Limited - Account Number 92 9745 9861 (Depositor Plus):</b>			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		97 104	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		97 104	-

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	Note	2015 R	2014 R
<b>ABSA Bank Limited - Account Number 90 7473 1365 (Maintenance Fund):</b>			
Cash book balance at beginning of year		-	22 233
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	22 290
Bank statement balance at end of year		-	-
<b>ABSA Bank Limited - Account Number 91 0726 7770 (Sakrivier Bridge):</b>			
Cash book balance at beginning of year		8 187	8 187
Cash book balance at end of year		8 187	8 187
Bank statement balance at beginning of year		8 187	8 187
Bank statement balance at end of year		8 187	8 187
<b>Investec Bank Limited - Account Number 1100 519041 620 (Call Deposit):</b>			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		209 502	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		209 502	-
<b>ABSA Bank Limited - Account Number 91 0809 6615 (Namakwa Sanitation Bucket System):</b>			
Cash book balance at beginning of year		213 395	213 395
Cash book balance at end of year		130 665	213 395
Bank statement balance at beginning of year		213 395	213 395
Bank statement balance at end of year		130 665	213 395
<b>ABSA Bank Limited - Account Number 91 8438 7915 (Fire Equipment Grant):</b>			
Cash book balance at beginning of year		896 659	913 410
Cash book balance at end of year		125 806	896 659
Bank statement balance at beginning of year		896 659	913 410
Bank statement balance at end of year		125 806	896 659
<b>ABSA Bank Limited - Account Number 91 0809 6924 (PIMMS):</b>			
Cash book balance at beginning of year		2 255	2 255
Cash book balance at end of year		2 255	2 255
Bank statement balance at beginning of year		2 255	2 255
Bank statement balance at end of year		2 255	2 255
<b>ABSA Bank Limited - Account Number 91 0991 1123 (Dept of Transport - NDM Funds):</b>			
Cash book balance at beginning of year		2 631 487	2 631 487
Cash book balance at end of year		2 631 487	2 631 487
Bank statement balance at beginning of year		2 631 487	2 631 487
Bank statement balance at end of year		2 631 487	2 631 487

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	Note	2015 R	2014 R
<b>ABSA Bank Limited - Account Number 91 1641 4273 (Drought Relief):</b>			
Cash book balance at beginning of year			73 874
Cash book balance at end of year			-
Bank statement balance at beginning of year			73 874
Bank statement balance at end of year			-
<b>ABSA Bank Limited - Account Number 91 1931 2230 (Electronic Filing System):</b>			
Cash book balance at beginning of year		15 227	15 227
Cash book balance at end of year		15 227	15 227
Bank statement balance at beginning of year		15 227	15 227
Bank statement balance at end of year		15 227	15 227
<b>ABSA Bank Limited - Account Number 91 2120 8647 (Training Fund SETA):</b>			
Cash book balance at beginning of year		2 000	81 276
Cash book balance at end of year		3 842	2 000
Bank statement balance at beginning of year		2 000	81 276
Bank statement balance at end of year		3 842	2 000
<b>ABSA Bank Limited - Account Number 91 2287 0758 (MIG):</b>			
Cash book balance at beginning of year		5 546	5 546
Cash book balance at end of year		5 546	5 546
Bank statement balance at beginning of year		5 546	5 546
Bank statement balance at end of year		5 546	5 546
<b>ABSA Bank Limited - Account Number 91 2356 3504 (Work for Water):</b>			
Cash book balance at beginning of year		258 160	6 023 669
Cash book balance at end of year		291 450	258 160
Bank statement balance at beginning of year		258 160	6 037 032
Bank statement balance at end of year		291 450	258 160
<b>ABSA Bank Limited - Account Number 92 7425 5686 (Dept. Agriculture, Forestry and Fisheries):</b>			
Cash book balance at beginning of year		1 009 266	1 525 628
Cash book balance at end of year		3 220	1 009 266
Bank statement balance at beginning of year		1 009 266	1 525 628
Bank statement balance at end of year		3 220	1 009 266
<b>ABSA Bank Limited - Account Number 92 7425 5709 (Civil Defence Grant):</b>			
Cash book balance at beginning of year		217 000	691 112
Cash book balance at end of year		249 403	217 000
Bank statement balance at beginning of year		217 000	691 112
Bank statement balance at end of year		249 403	217 000

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	Note	2015 R	2014 R
<b>ABSA Bank Limited - Account Number 92 9011 5074 (Khotso Pula Nala):</b>			
Cash book balance at beginning of year		6 425 215	-
Cash book balance at end of year		111 951	6 425 215
Bank statement balance at beginning of year		6 425 215	-
Bank statement balance at end of year		111 951	6 425 215
<b>Cash on hand</b>		500	805
Correction of error - Note 27.3		-	(305)
		500	500
Total cash and cash equivalents		<b>27 833 079</b>	<b>49 501 761</b>
<b>2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>			
Taxes - Rates		220 175	204 874
Department of Roads and Public Works		4 276 711	3 298 375
Sundry Debtor - Department Agriculture, Forestry and Fisheries		4 151 081	-
Sundry Debtor - Municipal Systems Improvement Grant		-	468 000
Sundry Debtor - Expanded Public Works Programme Grant		-	416 000
Correction of error - Note 27.2		-	(884 000)
Other Receivables		729 864	807 814
		9 377 831	4 311 064
<b>Less:</b> Provision for bad debts		(4 996 379)	(4 067 850)
Total Receivables from non-exchange transactions		<b>4 381 452</b>	<b>243 214</b>
The fair value of other receivables approximate their carrying value.			
<b>(Rates): Ageing</b>			
Current (0 - 30 days)		1 247	1 247
31 - 60 Days		1 247	1 247
61 - 90 Days		1 247	1 247
+ 90 Days		216 436	201 135
		<b>220 175</b>	<b>204 874</b>
<b>Summary of Debtors (Rates) by Customer Classification</b>			
	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2015</b>			
Current (0 - 30 days)	-	1 247	-
31 - 60 Days	-	1 247	-
61 - 90 Days	-	1 247	-
+ 90 Days	-	216 436	-
<b>Sub-total</b>	<b>-</b>	<b>220 175</b>	-
<b>Less:</b> Provision for bad debts	-	(220 175)	-
<b>Total debtors by customer classification</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Summary of Debtors (Rates) by Customer Classification</b>			
	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2014</b>			
Current (0 - 30 days)	-	1 247	-
31 - 60 Days	-	1 247	-
61 - 90 Days	-	1 247	-
+ 90 Days	-	201 135	-
<b>Sub-total</b>	<b>-</b>	<b>204 874</b>	-
<b>Less:</b> Provision for bad debts	-	(204 874)	-
<b>Total debtors by customer classification</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b><u>Reconciliation of Provision for Bad Debts</u></b>			
Balance at beginning of year		4 067 850	3 718 022
Contribution to provision		928 529	349 828
Bad Debts written off against provision		-	-
		<b>4 996 379</b>	<b>4 067 850</b>

The total amount of this provision consists of:

Taxes	220 175	204 874
Department of Roads and Public Works	4 276 711	3 298 375
Other receivables	499 493	564 600
<b>Total Provision for Bad Debts on Trade Receivables from non-exchange transactions</b>	<b>4 996 379</b>	<b>4 067 850</b>

**Ageing of amounts past due but not impaired:**

1 month past due	2 951	5 737
2+ months past due	4 353 668	1 097 038
	<b>4 356 619</b>	<b>1 102 774</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

### 3 INVESTMENTS

**Financial Instruments**

Unlisted Stock: Nuweveld Co-op held for trading	1 146	1 146
	<b>1 146</b>	<b>1 146</b>

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**4 PROPERTY, PLANT AND EQUIPMENT**

	30 JUNE 2015						Accumulated Depreciation					
	Cost	Change in Accounting Policy/ Correction of Error	Closing Balance	Opening Balance	Change in Accounting Policy/ Correction of Error	Closing Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Carrying Value	
	R	R	R	R	R	R	R	R	R	R	R	
Land												
Land	2 089 392	-	(2 844)	2 086 548	-	-	-	-	-	-	2 086 548	
Buildings	2 089 392	-	(2 844)	2 086 548	-	-	-	-	-	-	2 086 548	
Buildings	7 614 371	-	(42 741)	7 571 630	(5 806 935)	-	(182 591)	32 476	-	(5 957 051)	1 614 580	
Infrastructure												
Drains	-	-	-	-	-	-	-	-	-	-	-	
Roads and Streets	-	-	-	-	-	-	-	-	-	-	-	
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	
Sewerage Mains and Purification	4 839	-	-	-	4 839	(1 984)	-	-	-	-	(2 952)	
Electricity Mains and Purification	-	-	-	-	-	-	-	-	-	-	-	
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-	
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	
Water Reservoirs	-	-	-	-	-	-	-	-	-	-	-	
Water Meters	1 325 230	9 290	-	-	1 325 230	(59 335)	-	-	-	-	(194 865)	
Paving	836 274	-	-	-	845 564	(112 149)	-	-	-	-	(247 205)	
Security Measures	-	-	-	-	-	-	-	-	-	-	598 588	
Community Assets												
Parks & Gardens	2 166 343	9 290	-	-	2 175 633	(173 488)	-	(271 535)	-	-	(445 023)	
Libraries	-	-	-	-	-	-	-	-	-	-	-	
Recreation Grounds	159 133	-	-	-	159 133	(124 124)	-	(3 183)	-	-	(127 306)	
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	
Stadiums	-	-	-	-	-	-	-	-	-	-	-	
Halls	-	-	-	-	-	-	-	-	-	-	-	
Theatre	-	-	-	-	-	-	-	-	-	-	-	
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	
Heritage Assets	159 133	-	-	-	159 133	(124 124)	-	(3 183)	-	-	(127 306)	
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	
Total carried forward	12 029 239	9 290	(45 583)	-	11 992 944	(6 104 547)	-	(457 306)	32 476	-	(6 529 379)	

Namakwa District Municipality  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2015

	Cost					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Change in Accounting Policy/ Correction of Error	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/ Reversal of impairment loss	Closing Balance
Total brought forward	R 12 029 239	R 9 290	R (45 585)	-	R 11 932 944	R (6 104 547)	-	(457 308)	R 32 476	R (6 529 379)
Other Assets										R 5 463 564
Office Equipment	3 323 054	267 797	(121 215)	-	3 469 636	(2 387 449)	-	(374 521)	R 110 662	R (2 653 520)
Furniture & Fittings	1 590 488	193 336	(11 365)	-	1 772 458	(1 030 310)	-	(214 649)	R 11 214	R (1 236 145)
Bins and Containers	22 662	-	-	-	22 662	(14 727)	-	(2 594)	-	(117 321)
Plant and Equipment	815 179	55 438	(17 839)	-	852 779	(372 032)	-	(80 540)	17 820	(434 751)
Motor Vehicles	3 390 655	-	-	-	3 390 653	(1 756 104)	-	(368 500)	-	418 028
Fire Equipment	697 401	1 059 124	-	-	1 786 524	(178 767)	-	(174 547)	-	(2 124 604)
Refuse Tankers	-	-	-	-	-	-	-	-	-	(353 315)
Security Measures	-	-	-	-	-	-	-	-	-	-
Water crafts	0	-	(0)	-	0	-	-	-	-	0
	9 839 436	1 605 695	(150 419)	-	11 294 714	(5 739 388)	-	(1 215 352)	R 139 97	R (6 819 656)
Finance Lease Assets										R 4 475 057
Office Equipment	437 211	701 957	(604 379)	-	534 788	(249 113)	-	(98 603)	R 226 899	R (120 817)
Other Assets	-	-	-	-	-	-	-	-	-	R 413 971
	437 211	701 957	(604 379)	-	534 788	(249 113)	-	(98 603)	R 226 899	R (120 817)
Total	22 305 887	2 316 942	(800 383)	-	23 822 446	(112 093 049)	-	(1 771 283)	R 399 072	R (13 468 853)
										R 10 352 593

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	30 June 2014		Cost		Change in Accounting Policy/ Correction of Error		Opening Balance		Accumulated Depreciation		Carrying Value R		
	Opening Balance	R	Additions	R	Disposals	R	Closing Balance	R	Depreciation	R	Impairment loss/(Reversal) of impairment loss	R	
	R	R	R	R	R	R	R	R	R	R	Closing Balance	R	
Land	2 099 045	-	(9 653)	-			2 089 392	-				-	2 089 392
Land	2 099 045	-	(9 653)	-			2 089 392	-				-	2 089 392
<b>Buildings</b>	<b>7 850 811</b>	<b>-</b>	<b>(236 440)</b>	<b>-</b>			<b>7 614 371</b>	<b>(5 807 046)</b>	<b>-</b>	<b>(184 311)</b>	<b>184 422</b>	<b>-</b>	<b>(5 806 935)</b>
Infrastructure													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	4 839	-	-	-	-	-	4 839	(1 016)	-	(988)	(1 984)	-	2 855
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	273 946	1 051 284	-	-	-	-	1 325 230	(41 092)	-	(18 263)	(59 365)	1 265 875	
Paving	216 738	619 536	-	-	-	-	836 274	(77 783)	-	(34 366)	(112 149)	724 125	
Security Measures	-	-	-	-	-	-	-	-	-	-	-	-	-
	495 524	1 670 819	-	-	-	-	2 166 343	(119 891)	-	(53 597)	-	(173 488)	1 992 855
Community Assets													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	159 133	-	-	-	-	-	159 133	(120 341)	-	(3 183)	(124 124)	-	35 009
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemetaries	-	-	-	-	-	-	-	-	-	-	-	-	-
	159 133	-	-	-	-	-	159 133	(120 341)	-	(3 183)	-	(124 124)	35 009
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	10 624 513	1 670 819	(246 093)	-	-	-	12 029 239	(6 047 879)	-	(241 090)	184 422	-	(6 104 547)
													5 924 692

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Cost					Accumulated Depreciation					Carrying Value R
	Opening Balance R	Additions R	Disposals R	Change in Accounting Policy/ Correction of Error R	Closing Balance R	Opening Balance R	Change in Accounting Policy/ Correction of Error R	Depreciation R	Disposals R	Impairment loss/ Reversal of impairment loss R	
Total brought forward	10 604 513	1 670 818	(246 093)		12 029 238	(6 047 879)		(241 090)	184 422	R	(6 104 547)
Other Assets											
Office Equipment	3 181 851	265 412	(124 209)	-	3 323 054	(2 111 380)	-	(394 202)	119 069	(936)	(2 387 449)
Furniture & Fittings	1 522 411	88 472	(20 395)	-	1 590 488	(857 283)	-	(193 148)	20 392	(266)	(1 030 310)
Bins and Containers	22 662	-	-	-	22 662	(12 122)	-	(2 605)	-	-	(14 727)
Plant and Equipment	60 303	215 095	(219)	-	815 179	(305 057)	-	(67 191)	216	-	(372 032)
Motor Vehicles	2 634 448	1 336 274	(530 070)	-	3 390 853	(1 783 762)	-	(466 065)	473 724	-	(1 756 104)
Fire Equipment	697 401	-	-	-	697 401	(43 859)	-	(134 908)	-	-	(175 767)
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-
Security Measures	-	-	-	-	-	-	-	-	-	-	-
Water crafts	-	-	-	-	0	-	-	-	-	-	-
Other Assets	-	(0)	0	-	0	-	-	-	-	-	0
8 659 077	1 905 253	(724 892)	-	9 839 438	(5 093 467)	-	(1 258 120)	613 400	(1 202)	(5 739 388)	4 100 049
Finance Lease Assets											
Office Equipment	388 261	71 990	(23 040)	-	437 211	(180 834)	-	(85 035)	16 756	-	(249 113)
Other Assets	-	-	-	-	-	-	-	-	-	-	-
Total	19 651 850	3 648 062	(934 025)	-	22 305 887	(11 322 181)	-	(1 584 245)	814 579	(11 202)	(12 093 049)
											10 212 839

**4.3 Assets pledged as security**

Leased Property, Plant and Equipment of R 413 971 is secured for leases as set out in Note 13.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

Note

**5 INTANGIBLE ASSETS**

**5.1 Reconciliation of carrying value**

	Intangible Assets R	Total R
as at 1 July 2014		
Cost	1 043 650	1 043 650
Accumulated amortisation and impairment losses	2 864 288	2 864 288
	(1 820 638)	(1 820 638)
Acquisitions	247 156	247 156
Amortisation	(256 719)	(256 719)
Carrying value of disposals	(3 525)	(3 525)
Cost	(4 598)	(4 598)
Accumulated amortisation	1 073	1 073
as at 30 June 2015		
Cost	1 030 562	1 030 562
Accumulated amortisation and impairment losses	3 106 847	3 106 847
	(2 076 284)	(2 076 284)

**5.1 Reconciliation of carrying value**

	Intangible Assets R	Total R
as at 1 July 2013		
Cost	1 223 466	1 223 466
Accumulated amortisation and impairment losses	2 768 530	2 768 530
	(1 545 064)	(1 545 064)
Acquisitions	95 758	95 758
Amortisation	(275 574)	(275 574)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2014		
Cost	1 043 650	1 043 650
Accumulated amortisation and impairment losses	2 864 288	2 864 288
	(1 820 638)	(1 820 638)

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

Note

**6 INVESTMENT PROPERTY CARRIED AT COST**

	Investment property R	Other R	Total R
<b>6.1 Reconciliation of carrying value</b>			
as at 1 July 2014	199 030	-	199 030
Cost	904 678	-	904 678
Accumulated depreciation and impairment losses	(705 648)	-	(705 648)
Acquisitions	-	-	-
Depreciation	(18 094)	-	(18 094)
as at 30 June 2015	180 937	-	180 937
Cost	904 678	-	904 678
Accumulated depreciation and impairment losses	(723 741)	-	(723 741)
<b>6.1 Reconciliation of carrying value</b>			
as at 1 July 2013	217 124	-	217 124
Cost	904 678	-	904 678
Accumulated depreciation and impairment losses	(687 554)	-	(687 554)
Acquisitions	-	-	-
Depreciation	(18 094)	-	(18 094)
as at 30 June 2014	199 030	-	199 030
Cost	904 678	-	904 678
Accumulated depreciation and impairment losses	(705 648)	-	(705 648)
	2015 R	2014 R	
<b>6.2 Fair value of investment property carried at cost:</b>	904 678	904 678	
<b>6.3</b> There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.			
<b>6.4</b> There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>			
Trade creditors		41 458	65 178
Payments received in advance		59 615	58 305
Department of Environmental Affairs - Work for Water		291 450	258 160
Department of Agriculture, Forestry and Fisheries		3 220	1 009 266
Correction of error - Note 27.1		-	(64 514)
Other creditors		752 197	1 434 514
<b>Total creditors</b>		<b>1 147 941</b>	<b>2 761 164</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The fair value of trade and other payables approximates their carrying amounts.  
All payables are unsecured.

**8 VAT RECEIVABLE**

VAT receivable	329 339	330 201
<b>Total VAT Receivable</b>	<b>329 339</b>	<b>330 201</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**9 CURRENT EMPLOYEE BENEFITS**

Provision for bonus	654 325	664 910
Current Portion of Post Retirement Benefits (see note 12)	1 380 708	1 381 272
Provision for leave	1 091 058	1 131 916
Current portion of Long-Service provision (see note 12)	37 571	70 613
<b>Total Provisions</b>	<b>3 163 662</b>	<b>3 248 711</b>

The movement in current provisions are reconciled as follows:-

	Provision for Bonus	Provision for Leave
as at 1 July 2014	664 910	1 131 916
Contributions to provision	1 275 770	291 912
Expenditure incurred	(1 286 354)	(332 769)
as at 30 June 2015	<b>654 325</b>	<b>1 091 058</b>
as at 1 July 2013	539 703	1 081 657
Contributions to provision	1 195 575	105 661
Expenditure incurred	(1 070 368)	(55 202)
as at 30 June 2014	<b>664 910</b>	<b>1 131 916</b>

**9.1 Staff Bonuses**

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.  
There is no possibility of reimbursement.

**9.2 Staff Leave**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**10.1 Unspent Conditional Grants from other spheres of Government**

National Government Grants	315 803	60 483
Provincial Government Grants	1 552 295	8 768 928
Other Sources	221 917	220 075

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>Total Unspent Conditional Grants and Receipts</b>		<b>2 090 015</b>	<b>9 049 487</b>

**Non-current unspent conditional grants and receipts**  
Current portion of unspent conditional grants and receipts

2 090 015      9 049 487

See Note 16 and appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

**11 FINANCE LEASE LIABILITY**

2015	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
<b>Amounts payable under finance leases</b>			
Within one year	165 504	(68 203)	97 301
Within two to five years	427 552	(84 256)	343 296
	<b>593 056</b>	<b>(152 460)</b>	<b>440 596</b>
Less: Amount due for settlement within 12 months (current portion)			
			<b>(97 301)</b>
			<b>343 296</b>
2014	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
<b>Amounts payable under finance leases</b>			
Within one year	100 448	(28 386)	72 052
Within two to five years	177 020	(39 613)	137 407
	<b>277 468</b>	<b>(68 000)</b>	<b>209 469</b>
Less: Amount due for settlement within 12 months (current portion)			
			<b>(72 052)</b>
			<b>137 407</b>

The capitalised lease liability consist out of the following contracts:

Supplier	Effective Interest rate	Annual Escalation
Nashua - Copiers	17.02%	0%
Nashua - Copiers - 2014	14.47%	0%
Nashua - Copiers - 2015	15.31%	0%
Supplier	Lease Term	Maturity Date
Nashua - Copiers	4 Years	31/01/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Finance Leases are secured by property, plant and equipment - Note 4

**12 NON-CURRENT EMPLOYEE BENEFITS**

Provision for post retirement health care benefits	17 218 316	17 164 824
Provision for long-service awards	1 036 765	866 181
<b>Total Non-Current Employee Benefits</b>	<b>18 253 082</b>	<b>18 031 006</b>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

Note	2015 R	2014 R
------	-----------	-----------

The movement in the non-current employee benefits is reconciled as follows:-

Provision for Post Retirement Health Care Benefits		
Balance at the beginning of year	18 546 096	18 555 595
Contributions to provision	1 852 058	1 714 249
Expenditure incurred	(1 324 532)	(1 339 043)
Increase in provision due to discounting	(476 598)	(384 705)
Transfer to current provisions	(1 380 708)	(1 381 272)
Balance at the end of year	17 216 316	17 164 824

Provision for long-service awards:

Balance at the beginning of year	936 794	822 372
Contributions to provision	189 163	153 581
Expenditure incurred	(31 759)	(45 755)
Increase in provision due to discounting	(19 862)	6 596
Transfer to current provisions	(37 571)	(70 613)
Balance at the end of year	1 036 765	866 181

**12.1 Provision for Post Retirement Health Care Benefits**

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2015	2014
In-service (employee) members	71	76
In-service (employee) non-members	6	6
Continuation members (e.g. Retirees, widows, orphans)	40	42
Total Members	117	124

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012	2011	2010
In-service (employee) members	66	54	50
In-service (employee) non-members	6	6	18
Continuation members (e.g. Retirees, widows, orphans)	45	43	46
Total Members	117	103	114

The liability in respect of past service has been estimated to be as follows:

	2015 R	2014 R
In-service members	3 302 593	2 616 830
Continuation members	15 294 431	15 929 266
Total Liability	18 597 024	18 546 096

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 393 303, whereas the Interest Cost for the next year is estimated to be R1 506 695.

Key actuarial assumptions used:

i) Rate of interest	%	%
Discount rate	8.41	8.32
Health Care Cost Inflation Rate	7.64	7.73
Net Effective Discount Rate	0.72	0.54

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

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Note	2015 R	2014 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	18 597 024	18 546 096
Fair value of plan assets	-	-
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b>18 597 024</b>	<b>18 546 096</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits.

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	18 546 096	18 555 595
Total expenses	527 526	375 206
Current service cost	365 463	311 713
Interest Cost	1 486 595	1 402 536
Benefits Paid	(1 324 532)	(1 339 043)
Actuarial (gains)/losses	(476 598)	(384 705)
<b>Present value of fund obligation at the end of the year</b>	<b>18 597 024</b>	<b>18 546 096</b>

Sensitivity Analysis on the Accrued Liability	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption	3,335	15,262	18,597

The effect of movements in the assumptions are as follows:

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Health care inflation	4,026	16,547	20,573
Health care inflation	2,790	14,128	18,918
Post-retirement mortality	3,456	15,989	19,445
Average retirement age	3,571	15,262	18,833
Continuation of membership at retirement	2,851	15,262	18,113
Assumption		Change	% change
Health care inflation		1%	11%
Health care inflation		-1%	-9%
Post-retirement mortality		-1 year	5%
Average retirement age		-1 year	1%
Withdrawal Rate		-10%	-3%

Sensitivity analysis on current service and interest cost for 30 June 2016	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Health care inflation	480 600	1 672 900	2 153 500
Health care inflation	325 300	1 365 500	1 690 800
Post-retirement mortality	407 200	1 578 000	1 985 200
Average retirement age	412 400	1 526 600	1 939 000
Continuation of membership at retirement	341 600	1 466 100	1 807 700
Assumption		Change	% change
Health care inflation		1%	13%
Health care inflation		-1%	-11%
Post-retirement mortality		-1 year	4%
Average retirement age		-1 year	2%
Continuation of membership at retirement		-10%	-5%

**12.2 Provision for Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 77 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R 127 458 whereas the Interest Cost for the next year is estimated to be R 85 133.

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	Note	2015 R	2014 R
		%	%
<b>Key actuarial assumptions used:</b>			
i) <b>Rate of interest</b>			
Discount rate		8.06	8.09
General Salary Inflation (long-term)		7.12	7.22
Net Effective Discount Rate applied to salary-related Long Service Bonuses		0.88	0.81
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		1 074 336	936 794
Fair value of plan assets		-	-
		1 074 336	936 794
Unrecognised past service cost		-	-
Unrecognised actuarial gains/(losses)		-	-
Present Value of unfunded obligations		-	-
Net liability/(asset)		1 074 336	936 794
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		936 794	822 372
Total expenses		157 404	107 826
Current service cost		73 019	66 719
Interest Cost		116 144	56 862
Benefits Paid		(31 759)	(45 755)
Actuarial (gains)/losses		(19 862)	6 596
Present value of fund obligation at the end of the year		1 074 336	936 794
Sensitivity Analysis on the Unfunded Accrued Liability	Change	Liability (Rm)	% change
Assumption			
Central assumptions		1.074	
General salary inflation	1%	1.147	7%
General salary inflation	-1%	1.008	-6%
Average retirement age	-2 yrs	0.921	-14%
Average retirement age	2 yrs	1.204	12%
Withdrawal rates	-50%	1.337	24%
Sensitivity analysis on current service and interest cost for 30 June 2016	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
General salary inflation	138 300	91 000	229 300
General salary inflation	117 800	79 800	197 600
Average retirement age	115 700	72 700	188 400
Average retirement age	139 400	95 600	235 000
Withdrawal rates	177 200	106 300	283 500
Assumption	Change	% change	
General salary inflation	1%	8%	
General salary inflation	-1%	-7%	
Average retirement age	-2 years	-11%	
Average retirement age	2 years	11%	
Withdrawal rates	-50%	33%	
12.3 Retirement funds			
The Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.			
<b>CAPE JOINT PENSION FUND</b>			
The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99,7% (30 June 2012 - 99,4%).			
Contributions paid recognised in the Statement of Financial Performance		86 504	93 668
<b>CAPE JOINT RETIREMENT FUND</b>			
The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105,1% (30 June 2012 - 108,0%).			
Contributions paid recognised in the Statement of Financial Performance		1 618 531	2 515 195
<b>DEFINED CONTRIBUTION FUNDS</b>			
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.			
Contributions paid recognised in the Statement of Financial Performance		2015 R	2014 R
Government Employees Pension Fund		74 723	68 643
SAMWU National Provident Fund		827 388	815 328
		902 111	883 970

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	Note	2015 R	2014 R
<b>13 RENTAL OF FACILITIES AND EQUIPMENT</b>			
Rental of facilities		634 903	585 122
Total rentals		<u>634 903</u>	<u>585 122</u>
<b>14 INTEREST EARNED - EXTERNAL INVESTMENTS</b>			
Financial assets		2 287 472	2 805 105
Total interest		<u>2 287 472</u>	<u>2 805 105</u>
<b>15 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>			
Other receivables		59 060	59 053
Total interest		<u>59 060</u>	<u>59 053</u>
<b>16 GOVERNMENT GRANTS AND SUBSIDIES</b>			
<b>Unconditional</b>			
Equitable share		3 749 200	3 846 000
<b>Conditional</b>			
Grants and Donations		41 511 113	35 232 920
Correction of Error - Note 27.2		-	(884 000)
Total Government Grant and Subsidies		<u>45 260 313</u>	<u>38 194 920</u>
<b>Disclosed as follows:</b>			
Government Grants and Subsidies - Operating		44 306 462	36 820 371
Government Grants and Subsidies - Capital		953 851	1 374 549
Total Government Grant and Subsidies		<u>45 260 313</u>	<u>38 194 920</u>
<b>16.1 <u>Equitable Share</u></b>			
Balance unspent at beginning of year		-	-
Current year receipts		3 749 200	3 846 000
Conditions met - operating		(3 749 200)	(3 846 000)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		-	-
<i>The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.</i>			
<b>16.2 <u>Local Government Financial Management Grant (FMG)</u></b>			
Balance unspent at beginning of year		50 229	74 944
Current year receipts		1 250 000	1 250 000
Repaid to National Revenue Fund		-	(74 000)
Conditions met - operating		(1 295 511)	(1 175 633)
Conditions met - capital		-	(25 083)
Conditions still to be met - remain liabilities (see note 10)		<u>4 718</u>	<u>50 229</u>
<i>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</i>			

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	Note	2015 R	2014 R
<b>16.3 Municipal Systems Improvement Grant (MSIG)</b>			
Balance unspent at beginning of year		2 454	3 115
Current year receipts		934 000	680 000
Conditions met - operating		(526 660)	(304 291)
Conditions met - capital		(106 510)	(376 370)
Conditions still to be met - remain liabilities (see note 10)		<u>303 284</u>	<u>2 454</u>
<i>The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</i>			
<b>16.4 Municipal Infrastructure Grant (MIG)</b>			
Balance unspent at beginning of year		6 546	5 546
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>6 546</u>	<u>5 546</u>
<i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i>			
<b>16.5 RSC Levies Replacement Grant</b>			
Balance unspent at beginning of year			
Current year receipts		25 671 000	24 924 000
Conditions met - operating		(25 671 000)	(24 924 000)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>-</u>	<u>-</u>
<i>This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.</i>			
<b>16.6 Councillors Remuneration Grant</b>			
Balance unspent at beginning of year			
Current year receipts		2 615 000	2 078 000
Conditions met - operating		(2 615 000)	(2 078 000)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>-</u>	<u>-</u>
<i>This is an unconditional grant to co-funding the councillors remuneration.</i>			
<b>16.7 Planning and Implementation Management System</b>			
Balance unspent at beginning of year		2 255	2 255
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>2 255</u>	<u>2 255</u>
<i>This is a planning reserve and is utilised for planning purposes.</i>			
<b>16.8 Border Fencing</b>			
Balance unspent at beginning of year		54 239	54 239
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>54 239</u>	<u>54 239</u>
<i>This grant was established to make provision for fencing next to public roads.</i>			
<b>16.9 Health Inspector Subsidy</b>			
Balance unspent at beginning of year			
Current year receipts		2 428 800	2 300 000
Conditions met - operating		(2 428 800)	(2 300 000)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>-</u>	<u>-</u>
<i>This unconditional grant is part of the equitable share and services to subsidise municipal health care.</i>			

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	Note	2015 R	2014 R
<b>16.10 Civil Defence Subsidy</b>			
Balance unspent at beginning of year		217 000	691 112
Current year receipts		315 000	300 000
Conditions met - operating		(115 414)	(78 869)
Conditions met - capital		(167 183)	(695 244)
Conditions still to be met - remain liabilities (see note 10)		<u>249 403</u>	<u>217 000</u>

*This conditional grant is to establish a disaster management centre.*

	Note	(0)	73 874
Balance unspent at beginning of year		-	-
Current year receipts		-	(73 874)
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>(0)</u>	<u>(0)</u>

*This grant is to assist communities in drought relief.*

	Note	81 134	416 523
Balance unspent at beginning of year		1 000 000	1 000 000
Current year receipts		(1 079 132)	(1 335 389)
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>2 001</u>	<u>81 134</u>

*This grant service to establish work in local communities.*

	Note	896 659	913 410
Balance unspent at beginning of year		315 000	300 000
Current year receipts		(405 694)	(38 899)
Conditions met - operating		(680 158)	(277 852)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>125 806</u>	<u>896 659</u>

*This grant is to assist local municipalities to render a fire service.*

	Note	458 222	342 085
Balance unspent at beginning of year		-	210 000
Current year receipts		(59 337)	(93 843)
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>398 885</u>	<u>458 222</u>

*This reserve assist the municipality to compile and maintain the integrated Development Plan.*

	Note	1	1
Balance unspent at beginning of year		-	-
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>1</u>	<u>1</u>

*This grant was used to build the Kommagas road.*

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	Note	2015 R	2014 R
<b>16.16 SA Projects</b>			
Balance unspent at beginning of year		8	8
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>8</u>	<u>8</u>
<i>This grant is to create work programmes in local communities.</i>			
<b>16.17 Namqua Sanitation Bucket System</b>			
Balance unspent at beginning of year		157 114	213 395
Current year receipts		-	-
Conditions met - operating		(26 450)	(56 281)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>130 665</u>	<u>157 114</u>
<i>This grant is to address bucket system eradication in the District.</i>			
<b>16.18 NC Housing</b>			
Balance unspent at beginning of year		455 923	374 823
Current year receipts		-	81 100
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>455 923</u>	<u>455 923</u>
<i>This grant is to establish a housing unit at the District level.</i>			
<b>16.19 Sakrivier Bridge</b>			
Balance unspent at beginning of year		8 187	8 187
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>8 187</u>	<u>8 187</u>
<i>This grant was used to rebuild the sakrivier bridge after flooding.</i>			
<b>16.20 Khotso Pula Nala</b>			
Balance unspent at beginning of year		6 425 215	-
Current year receipts		-	7 551 000
Conditions met - operating		(6 313 264)	(1 125 785)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>111 951</u>	<u>6 425 215</u>
<i>This grant originated from the Department Roads and Public Works and is used for projects determined by the Department.</i>			
<b>16.21 Fencing</b>			
Balance unspent at beginning of year		-	42 555
Current year receipts		-	-
Conditions met - operating		-	(42 555)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>-</u>	<u>-</u>
<i>This grant was established to make provision for fencing next to public roads.</i>			
<b>16.22 Electronic Filing System</b>			
Balance unspent at beginning of year		15 227	15 227
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>15 227</u>	<u>15 227</u>
<i>The grant was used to implement an electronic filing system.</i>			
<b>16.23 Spoegrivier Sport Ground (Lotto)</b>			
Balance unspent at beginning of year		5 290	5 290
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>5 290</u>	<u>5 290</u>
<i>This grant was received to build a sports ground in Spoegrivier.</i>			

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	Note	2015 R	2014 R
<b>16.24 Swartkop Sport Ground (Lotto)</b>			
Balance unspent at beginning of year		207 475	207 475
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>207 475</u>	<u>207 475</u>

*This grant was received to build a sports ground in Swartkop.*

	Note	2015 R	2014 R
<b>16.25 Training Reserve (SETA)</b>			
Balance unspent at beginning of year		2 000	81 276
Current year receipts		22 842	151 676
Conditions met - operating		(21 000)	(230 952)
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>3 842</u>	<u>2 000</u>

*This is the amount claimed back from SETA for training and is utilised for training.*

	Note	2015 R	2014 R
<b>16.26 Kamiesberg Special Fund</b>			
Balance unspent at beginning of year		2 297	2 297
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>2 297</u>	<u>2 297</u>

*This grant is used to purify the water in the local settlements.*

	Note	2015 R	2014 R
<b>16.27 Richtersveld Special Fund</b>			
Balance unspent at beginning of year		3 013	3 013
Current year receipts		-	-
Conditions met - operating		-	-
Conditions met - capital		-	-
Conditions still to be met - remain liabilities (see note 10)		<u>3 013</u>	<u>3 013</u>

*This grant is used to purify the water in the local settlements.*

	Note	2015 R	2014 R
<b>16.28 Total Grants</b>			
Opening balance		9 049 487	3 530 631
Grants received		38 300 842	44 671 776
Raided to National Revenue Fund		-	(74 000)
Conditions met - Operating		(44 306 462)	(37 704 371)
Conditions met - Capital		(953 851)	(1 374 549)
Conditions still to be met/(Grant expenditure to be recovered)		<u>2 090 015</u>	<u>9 049 487</u>

**Disclosed as follows:**

Unspent Conditional Government Grants and Receipts	2 090 015	9 049 487
<b>Total</b>	<b>2 090 015</b>	<b>9 049 487</b>

**Namakwa District Municipality**  
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	Note	2015 R	2014 R
<b>17 OTHER INCOME</b>			
<b>Revenue from Exchange Transactions</b>			
Income from Agency Services		759 061	844 841
Sundries		115 724	134 436
Income for shared internal audit function		125 000	-
Contributions received: Project Management Unit		-	345 212
Insurance Claims		4 827	-
Administration Fees		9 184	8 601
Revenue from Non-Exchange Transactions		<u>1 013 797</u>	<u>1 333 090</u>
Actuarial Gains		495 460	384 705
<b>Total Other Income</b>		<u>1 510 257</u>	<u>1 717 795</u>
<b>18 EMPLOYEE RELATED COSTS</b>			
Employee related costs - Salaries and Wages		17 888 195	16 220 505
Employee related costs - Contributions for UIF, pensions and medical aids		3 817 846	3 566 590
Travel, motor car, accommodation, subsistence and other allowances		2 538 470	2 478 249
Correction of error - Note 27.1		-	31 169
Housing benefits and allowances		614 655	615 627
Overtime payments		427 604	425 292
Performance and other bonuses		1 265 185	1 195 575
Provision for leave		281 912	105 561
Contribution to provision - Long Service Awards - Note 12		116 144	96 719
Contribution to provision - Post Retirement Medical - Note 12		365 463	311 713
<b>Total Employee Related Costs</b>		<u>27 325 473</u>	<u>25 047 000</u>
<b>Remuneration of the Municipal Manager (Former) - M Brandt</b>			
Annual Remuneration		142 800	845 107
Performance- and other bonuses		56 250	68 750
Travel, motor car, accommodation, subsistence and other allowances		32 334	173 461
Contributions to UIF, Medical and Pension Funds		32 955	183 340
Leave payout		109 295	-
<b>Total</b>		<u>373 636</u>	<u>1 270 658</u>
<b>Remuneration of the Municipal Manager (Current) - CJ Fortuin</b>			
Annual Remuneration		267 542	-
Performance- and other bonuses		72 858	-
Travel, motor car, accommodation, subsistence and other allowances		49 152	-
Contributions to UIF, Medical and Pension Funds		<u>389 552</u>	<u>-</u>
<b>Remuneration of the Chief Finance Officer - R Datadin</b>			
Annual Remuneration		663 204	586 200
Performance- and other bonuses		40 000	42 750
Travel, motor car, accommodation, subsistence and other allowances		158 917	161 795
Contributions to UIF, Medical and Pension Funds		108 733	121 697
<b>Total</b>		<u>970 854</u>	<u>912 442</u>
<b>Remuneration of Director: Corporate Services - G Cloete</b>			
Annual Remuneration		594 798	547 692
Performance- and other bonuses		33 740	31 595
Travel, motor car, accommodation, subsistence and other allowances		152 356	151 984
Contributions to UIF, Medical and Pension Funds		74 663	70 030
<b>Total</b>		<u>855 557</u>	<u>801 300</u>
<b>Remuneration of Director: Office of the Municipal Manager - J Loubsar</b>			
Annual Remuneration		599 939	534 000
Performance- and other bonuses		50 000	44 500
Travel, motor car, accommodation, subsistence and other allowances		116 468	141 915
Contributions to UIF, Medical and Pension Funds		152 835	140 589
<b>Total</b>		<u>819 242</u>	<u>861 004</u>

**Namakwa District Municipality**  
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for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>Remuneration of Director: Economic Development - C Fortuin</b>			
Annual Remuneration		305 057	480 442
Performance- and other bonuses		41 750	39 091
Travel, motor car, accommodation, subsistence and other allowances		96 117	164 204
Contributions to UIF, Medical and Pension Funds		73 635	120 198
Acting allowance		205 244	-
Total		721 803	803 935
<b>Remuneration of Manager: Projects - I Smith</b>			
Annual Remuneration		404 880	370 246
Performance- and other bonuses		33 740	30 854
Travel, motor car, accommodation, subsistence and other allowances		167 105	166 272
Contributions to UIF, Medical and Pension Funds		94 611	87 787
Acting allowance		8 808	-
Total		709 144	655 172
<b>Remuneration of Manager: Maintenance and Household Services - E Bezuidenhout</b>			
Annual Remuneration		414 600	379 140
Performance- and other bonuses		34 550	31 595
Travel, motor car, accommodation, subsistence and other allowances		160 457	159 035
Contributions to UIF, Medical and Pension Funds		88 483	81 268
Total		698 090	651 039
<b>Remuneration of Manager: Municipal Health Services - H Theron</b>			
Annual Remuneration		377 088	344 820
Performance- and other bonuses		31 424	28 735
Travel, motor car, accommodation, subsistence and other allowances		167 393	161 130
Contributions to UIF, Medical and Pension Funds		99 684	93 005
Total		675 590	627 690
<b>19 REMUNERATION OF COUNCILLORS</b>			
Executive Mayor		705 670	619 454
Speaker		390 859	346 921
Councillors		1 065 638	1 014 753
Councillors' allowances		420 720	441 185
Total Councillors' Remuneration		2 582 887	2 422 303
Remuneration paid to councillors were as follows:			
BG Vass - Mayor		705 670	664 685
MS Cardinal - Councillor - Speaker		390 859	342 577
SD Hoskin - Councillor		68 838	68 838
FX Cupido - Councillor		-	68 838
GY Pietersen - Councillor		70 765	-
EC Drage-Maritz - Councillor		235 400	224 216
SF Nieuwoudt - Councillor		8 072	224 216
GJ Engelbrecht - Councillor		229 272	-
CR Warne - Councillor		235 400	224 216
J Swarts - Councillor		12 270	12 271
P van Heerden - Councillor		103 889	94 285
KR Groenewald - Councillor		235 400	224 216
S van Wyk - Councillor		17 529	8 283
J van der Colff - Councillor		9 988	17 529
WJ Links - Councillor		12 328	12 328
SJ Engelbrecht - Councillor		235 400	224 216
GJ Coetzee - Councillor		11 804	11 588
Total Councillors' Remuneration		2 582 887	2 422 303

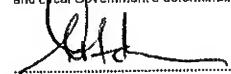
**In-kind Benefits**

The Executive Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor as well as the Speaker may utilise official Council transportation when engaged in official duties.

**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Signed: Municipal Manager

**Namakwa District Municipality**  
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	Note	2015 R	2014 R
<b>20 DEPRECIATION AND AMORTISATION EXPENSE</b>			
Property, plant and equipment		1 771 262	1 684 244
Intangible assets		255 719	275 574
Investment property carried at cost		18 094	18 094
<b>Total Depreciation and Amortisation</b>		<b>2 046 075</b>	<b>1 877 911</b>
<b>21 FINANCE COSTS</b>			
Borrowings		7 994	35 059
Non-current employee benefits		1 602 739	1 459 398
<b>Total Finance Costs</b>		<b>1 610 733</b>	<b>1 494 457</b>
<b>22 CONTRACTED SERVICES</b>			
Contracted services		-	469 206
		<b>-</b>	<b>469 206</b>
<b>23 GRANTS AND SUBSIDIES PAID</b>			
Grants that are paid to B - Municipalities		7 479 567	3 425 414
		<b>7 479 567</b>	<b>3 425 414</b>
<b>24 GENERAL EXPENSES</b>			
<i>Included in general expenses are the following:-</i>			
Actuarial losses		-	6 596
Advertising		442 502	303 661
Audit fees		2 127 720	2 054 986
Bank charges		73 745	80 463
Bursaries		2 400	8 500
Conferences and delegations		53 120	36 675
Consumables		110 794	75 543
Entertainment		143 400	154 049
Expanded Public Works Programme		1 079 132	1 107 003
Financial management grant		983 840	1 093 227
Fuel and oil		622 734	660 812
Insurance		274 351	135 632
Legal expenses		381 122	27 180
Licence fees - vehicles		10 214	6 902
Licence fees - computers		282 011	304 634
Membership fees		510 948	466 712
Postage		1 408	1 599
Printing and stationery		379 999	200 345
Project Development		1 529 196	2 041 040
Rental of office equipment		10 947	8 441
Rental of office buildings		7 480	8 500
Skills development levies		256 134	239 819
Telephone cost		471 168	431 478
Training		634 056	578 653
Transport claims		38 773	25 639
Travel and subsistence		3 131 023	3 130 178
Uniforms & overalls		818	1 411
Other operating expenses		2 765 086	2 571 795
		<b>18 324 141</b>	<b>15 761 874</b>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>25 GAIN / (LOSS) ON SALE OF ASSETS</b>			
Property, plant and equipment		(27 357)	13 665
Total Gain / (Loss) on Sale of Assets		<u>(27 357)</u>	<u>13 665</u>
<b>26 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)</b>			
Property, plant and equipment		4 613	1 202
Total Impairment loss / (Reversal of Impairment Loss)		<u>4 613</u>	<u>1 202</u>
<b>27 CORRECTION OF ERROR IN TERMS OF GRAP 3</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:			
<b>27.1 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>			
Balance previously reported		-	2 825 423
Correction of creditors incorrectly raised in prior years.	Note 7	-	(95 427)
Correction of creditor not raised for under payment of group life	Note 7 and Note 18	31 169	
Restated Balance		<u>-</u>	<u>2 761 164</u>
<i>Input tax disallowed in previous years and Sundry Creditors not recognised in prior year.</i>			
<b>27.2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>			
Balance previously reported		-	1 127 214
Correction of debtors incorrectly raised in 2013/14	Note 2	-	(884 000)
Restated Balance		<u>-</u>	<u>243 214</u>
<i>Clear of sundry debtor suspense account from previous years</i>			
<b>27.3 Cash and Cash Equivalents</b>			
Balance previously reported		-	49 501 657
Correction of petty cash in prior years.	Note 1	-	(305)
Correct of cashbook reconciling error from previous years	Note 1	-	410
Restated Balance		<u>-</u>	<u>49 501 761</u>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<i>Reconciling cashbook error from previous years</i>			
<b>27.4</b>	<b>Accumulated Surplus / Deficit - 1 July 2013</b>		
Input tax disallowed in prior years		-	95 427
Correction of petty cash in prior years.		-	(305)
Correct of cashbook reconciling error from previous years		410	
<b>Total</b>		<b>-</b>	<b>95 532</b>
<b>28</b>	<b>CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year		(9 218 193)	(8 135 946)
Adjustment for:-			
Depreciation and amortisation		2 046 075	1 877 913
(Gain) / loss on sale of assets		27 357	(13 665)
Government Grants and Subsidies received		38 300 842	44 597 776
Government Grants and Subsidies recognised as revenue		(45 260 313)	(39 078 020)
Contribution to provisions - Non-Current Provisions		718 536	450 732
Contribution to provisions - Actuarial (Gain) / Loss (Post Retirement Medical Benefit)		(476 598)	(384 705)
Contribution to provisions - Actuarial (Gain) / Loss (Long Service Award Benefit)		(19 862)	6 596
Debt Impairment		928 529	349 828
Impairment loss / (reversal of impairment loss)		4 613	1 202
Operating surplus before working capital changes:		<u>(12 949 014)</u>	<u>(329 190)</u>
(increase)/decrease in Receivables		(5 066 767)	202 474
(increase)/decrease in VAT receivable		862	(297 599)
Increase/(decrease) in Trade payables		(1 613 223)	(5 963 617)
Increase/(decrease) in Current Employee Benefits		(85 048)	207 866
Cash generated by/(utilised in) operations		<u>(19 713 191)</u>	<u>(6 180 067)</u>
<b>29</b>	<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash - Note 1		27 833 079	49 501 657
Net cash and cash equivalents (net of bank overdrafts)		<u>27 833 079</u>	<u>49 501 657</u>
<b>30</b>	<b>RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 29		27 833 079	49 501 657
<u>Less:</u>			
Unspent Committed Conditional Grants - Note 10		(2 090 015)	(9 049 487)
Net cash resources available for internal distribution		25 743 064	40 452 170
<u>Allocated to:</u>			
Reserves		(538 429)	(1 514 731)
Resources available for working capital requirements		<u>25 204 635</u>	<u>38 937 439</u>
<b>31</b>	<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 11)		440 596	209 469
Used to finance property, plant and equipment – at cost		(440 596)	(209 469)
Sub-total		-	*
Cash set aside for the repayment of long-term liabilities		-	*
Cash invested for repayment of long-term liabilities		-	*

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>			
<b>32</b>	<b>DISALLOWED</b>		
<b>32.1</b>	<b>Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure			
Opening balance		3 727 710	
Unauthorised expenditure current year	49 419	-	
Condoned by Council	-	(3 727 710)	
Transfer to receivables for recovery	-	-	
Unauthorised expenditure awaiting authorisation	-	-	
	<b>49 419</b>	<b>3 727 710</b>	
<b>32.2</b>	<b>Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure			
Opening balance -		-	
Fruitless and wasteful expenditure current year	-	-	
Condoned or written off by Council	-	-	
To be recovered – contingent asset	-	-	
Fruitless and wasteful expenditure awaiting condonement	-	-	
	<b>-</b>	<b>-</b>	
<b>32.3</b>	<b>Irregular expenditure</b>		
Reconciliation of irregular expenditure			
Opening balance		2 661 703	
Irregular expenditure current year	-	-	
Condoned by Council on 27 August 2014	-	(2 661 703)	
Transfer to receivables for recovery – not condoned	-	-	
Irregular expenditure awaiting condonement by Council	-	-	
Irregular expenditure awaiting condonement from National Treasury	-	-	
	<b>-</b>	<b>-</b>	
<u>Supply Chain Management deviations not reported to Council</u>			
<b>Incident</b>		<b>Disciplinary steps</b>	
<b>Procurement and Contract Management: R 0 - R 2 000</b>			
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	-
<b>Procurement and Contract Management: R 2000 - R 10 000</b>			
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	-
<b>Procurement and Contract Management: R 10 000 - R 30 000</b>			
Deviations from the Supply Chain regulations - No original tax clearance certificate	None	-	-
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	-
<b>Procurement and Contract Management: R 30 000 - R 200 000</b>			
Deviations from the Supply Chain regulations - 3 Quotations not obtained	None	-	-
	<b>-</b>	<b>-</b>	
<i>Recoverability / Condonement of irregular expenditure will be evaluated by Council in terms of section 32 of the MFMA. No steps have been taken as this stage to recover any monies.</i>			
<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE</b>			
<b>33</b>	<b>MANAGEMENT ACT</b>		
<b>33.1</b>	<b>Contributions to organised local government - [MFMA 125 (1)(b)] - [SALGA CONTRIBUTIONS]</b>		
Opening balance		500 000	450 000
Council subscriptions		(500 000)	(450 000)
Amount paid - current		-	-
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<b>-</b>	<b>-</b>
<b>33.2</b>	<b>Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance		2 127 720	2 054 986
Current year audit fee		(2 127 720)	(2 054 986)
Amount paid - current year		-	-
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<b>-</b>	<b>-</b>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2015 R	2014 R
<b>33.3 VAT - [MFMA 125 (1)(c)]</b>			
Opening balance		330 201	32 602
Amounts received - current year		(1 089 577)	(1 148 277)
Amounts claimed - current year (payable)		905 836	1 282 997
Amount overpaid owed by South African Revenue Services		182 879	182 879
Amount paid - previous year		-	-
		<b>329 339</b>	<b>330 201</b>

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

		2015	2014
<b>33.4 PAYE and UIF - [MFMA 125 (1)(c)]</b>			
Opening balance		-	-
Current year payroll deductions		4 633 715	4 793 634
Amount paid - current year		(4 633 715)	(4 793 634)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<b>-</b>	<b>-</b>

		2015	2014
<b>33.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>			
Opening balance		-	-
Current year payroll deductions and Council Contributions		6 819 411	6 491 119
Amount paid - current year		(6 819 411)	(6 491 119)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<b>-</b>	<b>-</b>

	Type of Deviation		
	Single Supplier	Impractical	Emergency
July	5 594	84 777	-
August	12 422	83 578	-
September	6 542	54 708	-
October	45 041	98 872	-
November	20 015	26 628	-
December	160 316	342 329	-
January	13 363	39 181	-
February	25 258	24 010	-
March	4 995	31 877	-
April	10 834	36 905	-
May	4 743	106 857	-
June	1 456	53 589	-
	<b>310 579</b>	<b>980 310</b>	<b>-</b>

**34 CONTINGENT LIABILITY / ASSETS**

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

**35 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**36 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers.

**36.1 Compensation of key management personnel**

The compensation of key management personnel is set out in note 18 to the Annual Financial Statements.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2015 R	2014 R
<b>37 EVENTS AFTER THE REPORTING DATE</b>			
The municipality is not aware of any events after the reporting date.			
<b>38 FINANCIAL RISK MANAGEMENT</b>			
The activities of the municipality expose it to a variety of financial risks, including credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.			
(a) Foreign Exchange Currency Risk			
The municipality does not engage in foreign currency transactions.			
(b) Price Risk			
The municipality is not exposed to price risk.			
(c) Interest Rate Risk			
As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates. The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.			
The municipality did not hedge against any interest rate risks during the current year.			
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:			
1% (2013: 1%) Increase in interest rates		278 331	495 017
1% (2013: 1%) Decrease in interest rates		(278 331)	(495 017)
(d) Credit Risk			
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.			
Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.			
Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.			
All rates are payable within 30 days from invoice date. Refer to note 2 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.			
<b>Non-exchange Receivables</b>		2015 %	2015 R
Rates		23.18%	220 175
Other		76.82%	729 864
		<hr/> <hr/> 100.00%	<hr/> <hr/> 950 039

**Namakwa District Municipality**  
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	Note	2015 R	2014 R
	2014	2014	%
<b>Non-exchange Receivables</b>			
Rates		20.23%	204 874
Other		79.77%	807 814
		<b>100.00%</b>	<b>1 012 688</b>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 2 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2015 %	2015 R
<b>Non-exchange Receivables</b>		
Rates	4.41%	220 175
Other	95.59%	4 776 204
	<b>100.00%</b>	<b>4 996 379</b>

	2014 %	2014 R
<b>Non-exchange Receivables</b>		
Rates	5.04%	204 874
Other	94.96%	3 662 976
	<b>100.00%</b>	<b>4 067 850</b>

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2015 %	2015 R
<b>Government</b>	85.60%	4 276 711
<b>Industrial</b>	10.00%	499 493
<b>Residential</b>	4.41%	220 175
	<b>100.00%</b>	<b>4 996 379</b>

	2014 %	2014 R
<b>Government</b>	81.08%	3 298 375
<b>Industrial</b>	14.69%	697 577
<b>Residential</b>	4.23%	171 897
	<b>100.00%</b>	<b>4 067 850</b>

**Ageing of amounts past due but not impaired are as follows:**

	Non-Exchange Receivables	
<b>2015</b>		
1 month past due		2 851
2+ months past due		<b>4 353 668</b>
		<b>4 356 619</b>

	Non-Exchange Receivables	
<b>2014</b>		
1 month past due		5 737
2+ months past due		<b>1 097 038</b>
		<b>1 102 774</b>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2015 R	2014 R
		2015 %	2015 R
Bad debts written-off per receivable class:			
<b>Non-exchange Receivables</b>			
Rates		0.00%	-
Other		0.00%	-
		<u>0.00%</u>	<u>-</u>
<b>Non-exchange Receivables</b>			
Rates		0.00%	-
Other		0.00%	-
		<u>0.00%</u>	<u>-</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Financial assets exposed to credit risk at year end are as follows:

Investments	1 146	1 146
Receivables from non-exchange transactions	5 006 575	4 106 190
Cash and Cash Equivalents	27 833 079	49 602 066
	<u>32 840 800</u>	<u>53 609 402</u>

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Between 1 and 5 years	
	Less than 1 year	Between 1 and 5 years
<b>2015</b>		
Long-term Liabilities	165 504	427 552
Trade and Other Payables	1 147 941	-
	<u>1 313 445</u>	<u>427 552</u>
<b>2014</b>		
Long-term Liabilities	100 448	177 020
Trade and Other Payables	2 761 164	-
	<u>2 861 612</u>	<u>177 020</u>

**39 FINANCIAL INSTRUMENTS**

In accordance with GRAP 104.15 the financial liabilities and assets of the municipality are classified as follows:

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	Classification	2015 R	2014 R
<b>39.1 Financial Assets</b>				
<b>Investments</b>				
Unlisted Investments		Available for sale	1 146	1 146
<b>Receivables from Non-Exchange Transactions</b>				
Sundry Debtors		Loans and Receivables	5 006 575	4 106 190
<b>Cash and Cash Equivalents</b>				
Bank Balances		Loans and Receivables	1 312 228	4 615 430
Call Deposits		Loans and Receivables	26 520 352	44 885 831
Cash Floats and Advances		Loans and Receivables	500	500
<b>Total Financial Assets</b>			<b>32 840 800</b>	<b>53 609 097</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>				
<b>Financial Instruments at cost:</b>				
Investments		Unlisted Investments	1 146	1 146
<b>Financial Instruments at amortised cost:</b>				
Receivables from Non-exchange Transactions		Sundry Debtors	5 006 575	4 106 190
Cash and Cash Equivalents		Bank Balances	1 312 228	4 615 430
Cash and Cash Equivalents		Call Deposits	26 520 352	44 885 831
Cash and Cash Equivalents		Cash Floats and Advances	500	500
<b>Total Financial Assets</b>			<b>32 839 654</b>	<b>53 607 951</b>
<b>39.2 Financial Liabilities</b>		<b>Classification</b>		
<b>Long-term Liabilities</b>				
Capitalised Lease Liability		Financial Instruments at amortised cost	343 296	137 407
<b>Trade and Other Payables</b>				
Trade Creditors		Financial Instruments at amortised cost	41 458	65 178
Payments received in advance		Financial Instruments at amortised cost	59 615	58 305
Other Creditors		Financial Instruments at amortised cost	752 197	1 434 514
<b>Current Portion of Long-term Liabilities</b>				
Capitalised Lease Liability		Financial Instruments at amortised cost	97 301	72 062
			<b>1 293 867</b>	<b>1 767 465</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>				
<b>Financial Instruments at amortised cost:</b>				
Long-term Liabilities		Capitalised Lease Liability	343 296	137 407
Trade and Other Payables		Trade Creditors	41 458	65 178
Trade and Other Payables		Payments received in advance	59 615	58 305
Trade and Other Payables		Other Creditors	752 197	1 434 514
Current Portion of long-term liabilities		Capitalised Lease Liability	97 301	72 062
			<b>1 293 867</b>	<b>1 767 465</b>

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

40	BUDGET COMPARISONS	Note	2015	2014	
			R	R	
		2015 Actual R	2015 Budget R	2015 Variance R	
40.1	<u>Operational Budget by source/type</u>				
<b>Revenue by source</b>					
Property rates					
Property rates - penalties & collection charges					
Service charges - electricity revenue					
Service charges - water revenue					
Service charges - sanitation revenue					
Service charges - refuse revenue					
Service charges - other					
Rental of facilities and equipment					
Interest earned - external investments					
Interest earned - outstanding debtors					
Dividends received					
Fines					
Licences and Permits					
Agency services					
Transfers recognised					
Transfers recognised - capital					
Other revenue					
Gains on disposal of PPE					
<b>Total Revenue (excluding capital transfers and contributions)</b>					
		<b>58 855 602</b>	<b>94 934 657</b>	<b>(36 079 054)</b>	
<b>Expenditure by Type</b>					
Employee related costs					
Remuneration of councillors					
Debt Impairment					
Depreciation & asset impairment					
Finance charges					
Bulk purchases					
Other materials					
Contracted services					
Transfers and grants					
Other expenditure					
Loss on disposal of PPE					
<b>Total Expenditure</b>					
		<b>68 073 795</b>	<b>104 518 004</b>	<b>(36 444 209)</b>	
	<b>Surplus/(Deficit) for the year</b>	<b>(9 218 193)</b>	<b>(9 583 348)</b>	<b>365 155</b>	
<b>Details of material variances</b>					
Refer to Note 43.2 for explanations.					
40.2	<u>Operational Budget by Standard Classification</u>	2015	2015	2015	
		Actual	Budget	Variance	
		R	R	R	
<b>Revenue - Standard</b>					
Governance and Administration					
Executive and council					
Budget and Treasury Office					
Corporate Services					
Community and Public Safety					
Community and Social Services					
Sport and Recreation					
Public Safety					
Housing					
Health					
Economic and Environmental Services					
Planning and Development					
Road Transport					
Environmental Protection					

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>Trading Services</b>			
Electricity		-	-
Water		-	-
Waste Water Management		-	-
Waste Management		-	-
<b>Other</b>		-	-
<b>Total Revenue</b>		<b>58 855 602</b>	<b>94 934 657</b>
		<b>2015 Actual R</b>	<b>2015 Budget R</b>
<b><u>Expenditure - Standard</u></b>			<b>2015 Variance R</b>
<b>Governance and Administration</b>			
Executive and council		23 835 695	24 261 921
Budget and Treasury Office		5 408 218	5 772 538
Corporate Services		10 106 253	11 355 655
<b>Community and Public Safety</b>			
Community and Social Services		4 608 649	4 629 314
Sport and Recreation		-	(20 665)
Public Safety		4 979 157	4 932 247
Housing		-	46 909
Health		68 619	68 109
<b>Economic and Environmental Services</b>			
Planning and Development		19 069 205	52 633 098
Road Transport		-	(33 563 893)
Environmental Protection		-	(866 912)
<b>Trading Services</b>			
Electricity		-	-
Water		-	-
Waste Water Management		-	-
Waste Management		-	-
<b>Other</b>		-	-
<b>Total Expenditure</b>		<b>68 073 795</b>	<b>104 518 004</b>
<b>Surplus/(Deficit) for the year</b>		<b>(9 218 193)</b>	<b>(9 583 348)</b>
			<b>365 165</b>

**Details of material variances**

Refer to Note 43.2 for explanations.

40.3	<b><u>Capital Expenditure by Standard Classification</u></b>	2015 Actual R	2015 Budget R	2015 Variance R
<b>Governance and Administration</b>				
Executive and council		87 343	108 000	(20 657)
Budget and Treasury Office		-	-	-
Corporate Services		151 716	164 500	(12 784)
<b>Community and Public Safety</b>				
Community and Social Services		41 590	45 000	(3 410)
Sport and Recreation		-	-	-
Public Safety		1 150 898	1 506 852	(355 954)
Housing		-	-	-
Health		-	-	-
<b>Economic and Environmental Services</b>				
Planning and Development		236 457	582 997	(346 540)
Road Transport		-	-	-
Environmental Protection		-	-	-
<b>Trading Services</b>				
Electricity		-	-	-
Water		-	-	-
Waste Water Management		-	-	-
Waste Management		-	-	-
<b>Other</b>		-	-	-
<b>Total Capital Expenditure</b>		<b>1 668 005</b>	<b>2 407 349</b>	<b>(739 344)</b>

**Details of material variances**

Refer to Note 43.2 for explanations.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015	2014
		R	R
	2015 Actual R	2015 Budget R	2015 Variance R
<b>40.4 Operational Budget by Municipal Vote</b>			
Municipal Manager			
Executive and council	10 178 921	11 408 078	(1 229 157)
Director: Finance			
Budget and Treasury Office	30 086 099	30 424 188	(338 089)
Director: Administration			
Corporate Services	5 044 236	4 753 427	290 809
Director: Economic Development			
Planning and Development	9 749 181	44 192 977	(34 443 795)
Director: Community Services			
Community and Social Services	2 428 800	2 428 800	-
Environmental Protection	-	-	-
Sport and Recreation	-	-	-
Public Safety	1 368 365	1 719 000	(350 635)
Housing	-	-	-
Health	-	-	-
Director: Technical Services			
Road Transport	-	8 187	(8 187)
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
<b>Total Revenue</b>	<b>58 855 602</b>	<b>94 934 657</b>	<b>(36 079 055)</b>
	2015 Actual R	2015 Budget R	2015 Variance R
<b>Expenditure - Vote</b>			
Municipal Manager			
Executive and council	23 835 695	24 261 921	(426 226)
Director: Finance			
Budget and Treasury Office	5 406 218	5 772 538	(366 320)
Director: Administration			
Corporate Services	10 106 253	11 355 865	(1 249 612)
Director: Economic Development			
Planning and Development	19 059 205	52 633 098	(33 563 893)
Director: Community Services			
Community and Social Services	4 608 649	4 629 314	(20 665)
Environmental Protection	-	-	-
Sport and Recreation	-	-	-
Public Safety	4 979 157	4 932 247	46 909
Housing	-	-	-
Health	68 619	66 109	2 509
Director: Technical Services			
Road Transport	-	866 912	(866 912)
Electricity	-	-	-
Water	-	-	-
Waste Water Management	-	-	-
Waste Management	-	-	-
<b>Total Expenditure</b>	<b>68 073 795</b>	<b>104 518 004</b>	<b>(36 444 209)</b>
<b>Surplus/(Deficit) for the year</b>	<b>(9 218 193)</b>	<b>(9 583 348)</b>	<b>365 155</b>

**Details of material variances**

Refer to Note 43.2 for explanations.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

40.5	<u>Capital Expenditure by Municipal Vote</u>	Note	2015		2014	
			2015	R	2015	R
			Actual	R	Budget	R
Municipal Manager						
Executive and council			87 343		108 000	(20 657)
Director: Finance						
Budget and Treasury Office			-		-	-
Director: Administration						
Corporate Services			151 716		164 500	(12 784)
Director: Economic Development						
Planning and Development			236 457		582 997	(346 540)
Director: Community Services						
Community and Social Services			41 590		45 000	(3 410)
Environmental Protection			-		-	-
Sport and Recreation			-		-	-
Public Safety			-		-	-
Housing			1 150 898		1 506 852	(355 954)
Health			-		-	-
Director: Technical Services						
Road Transport			-		-	-
Electricity			-		-	-
Water			-		-	-
Waste Water Management			-		-	-
Waste Management			-		-	-
<b>Total Capital Expenditure</b>			<b>1 668 005</b>		<b>2 407 349</b>	<b>(739 344)</b>

**Details of material variances**

Refer to Note 43.2 for explanations.

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
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**41 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**42 FINANCIAL SUSTAINABILITY**

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The current ratio increased to 5.01:1 from 3.31:1 in the prior year.

The municipality have budgeted for a deficit of R 9 583 000 for the 2014/2015 financial year. The municipality is also budgeting for negative cash flows during 2015/2016 and 2016/2017 amounting to R 10 788 000 and R 13 108 000 respectively.

**43 BUDGET INFORMATION**

**43.1 Explanation of variances between approved and final budget amounts**

The reasons for the variances between the approved and final budgets are mainly due to reiterations, and the reprioritising of projects, with the corresponding changes to funding sources.

**43.2 Explanation of variances greater than 5%: Final Budget and Actual Amounts**

**Statement of Financial Position**

**43.2.1 Current Assets**

**Cash and Cash Equivalents**

*Increase in Cash and Cash Equivalents due to monitoring of budget controls.*

**Other Debtors**

*Outstanding amount from Department Agriculture, Forestry and Fisheries not recovered during the year.*

**43.2.2 Non-Current Assets**

**Intangible Assets**

*Increase due to review of remaining useful lives of assets and acquiring of assets.*

**43.2.3 Current Liabilities**

**Borrowing**

*Increase due to new finance leases.*

**Trade and Other Payables**

*Decrease due to creditors paid before year-end.*

**Provisions**

*Increase in provision for staff leave and increase in the provision of post retirement benefits.*

**43.2.4 Non-Current Liabilities**

**Borrowing**

*Increase due to new finance leases.*

**Provisions**

*Decrease due to actuarial gain on post-retirement benefits.*

**43.2.5 Net Assets**

**Reserves**

*Decrease due to Capital Replacement Reserve used to finance capital expenditure.*

**Namakwa District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June

	Note	2015 R	2014 R
<b><u>Statement of Financial Performance</u></b>			
<b>43.2.6 Revenue</b>			
<b>Rental of Facilities and Equipment</b>			
<i>Decrease due to decrease in rental of facilities.</i>			
<b>Interest Earned - External Investments</b>			
<i>Increase due to increase in interest rates.</i>			
<b>Interest Earned - Outstanding Debtors</b>			
<i>Decreased due to less outstanding debtors.</i>			
<b>Agency Services</b>			
<i>Decrease due to decrease in functions performed on behalf of Provincial Departments.</i>			
<b>Transfers Recognised</b>			
<i>Decrease due to the delayed implementation of functions on behalf of provincial department.</i>			
<b>Other Revenue</b>			
<i>Increase due to shared services contributions received from B-Municipalities and an actuarial gain on post-retirement benefits.</i>			
<b>43.2.7 Expenditure</b>			
<b>Employee Related Costs</b>			
<i>Vacant posts not filled.</i>			
<b>Debt Impairment</b>			
<i>Increase due to the increase in provision of doubtful debts at year end.</i>			
<b>Finance Charges</b>			
<i>Increase due to increase in interest cost of post-retirement benefits and new finance leases.</i>			
<b>Contracted Services</b>			
<i>Decrease due to the delayed implementation of functions on behalf of provincial department.</i>			
<b>Transfers and Grants</b>			
<i>Increase due to Government and Provincial Grants spent during the year.</i>			
<b>Other Expenditure</b>			
<i>Decrease due to decrease in projects and budget monitoring.</i>			
<b>Loss on Disposal of PPE</b>			
<i>Increase due to disposal of old financial leases and asset write-offs.</i>			
<b>Cash Flow Statement</b>			
<b>43.2.8 Net Cash from Operating Activities</b>			
<b>Receipts</b>			
<i>Variances due to decrease in functions performed on behalf of Provincial Departments, Increase in cash and cash equivalents and reprioritising of projects.</i>			
<b>Payments</b>			
<i>Decrease due to reprioritising of projects and budget monitoring.</i>			
<b>43.2.9 Net Cash from Investing Activities</b>			
<b>Capital Assets</b>			
<i>Decrease due to savings on capital projects.</i>			
<b>43.2.10 Net Cash from Financing Activities</b>			
<b>Borrowing</b>			
<i>Increase due to new finance leases.</i>			
<b>44 CAPITAL COMMITMENTS</b>			
<b>Commitments in respect of capital expenditure:</b>			
Approved and contracted for:			
Infrastructure		-	-
Community		-	-
Other		-	-
<b>Total</b>		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
This expenditure will be financed from:			
Government Grants		-	-
<b>Total</b>		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
<b>45 STATUTORY RECEIVABLES</b>			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
<b>Taxes</b>			
VAT Receivable		329 339	330 201
<b>Receivables from Non-Exchange Transactions</b>			
Rates		220 175	204 874
<b>Total Statutory Receivables</b>		<hr/> <hr/>	<hr/> <hr/>
		549 514	535 075

Namakwa District Municipality  
 APPENDIX A  
 SCHEDULE OF EXTERNAL LOANS  
 as at 30 June 2015

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2014 R	Received during the period R	Redeemed / written off during the period R	Carrying Value of Property, Plant & Equipment R		Other Costs in accordance with MfMA R
						Balance at 30 June 2015 R	Balance at 30 June 2015 R	
LEASE LIABILITY								
Office Equipment and Tablets	NDM006-460818	31/01/2019	209 469	324 477	(93 349)	440 596	413 971	-
<b>TOTAL EXTERNAL LOANS</b>			<b>-</b>	<b>209 469</b>	<b>324 477</b>	<b>(93 349)</b>	<b>440 596</b>	<b>413 971</b>

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information.  
 Therefore this appendix is not audited.

**Namakwa District Municipality**  
**APPENDIX B**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: MUNICIPAL VOTE CLASSIFICATION**  
for the year ended 30 June 2015

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
4 339 503	19 665 832	(15 326 329)	Municipal Manager	10 178 921	23 835 695	(13 656 774)
29 842 357	4 836 159	25 006 199	Director: Finance	30 086 099	5 406 218	24 679 882
5 246 747	9 172 975	(3 926 228)	Director: Corporate Services	5 044 236	10 106 253	(5 062 017)
12 570 379	21 457 064	(8 886 685)	Director: Economic Development	9 749 181	19 069 205	(9 320 024)
3 389 196	8 392 098	(5 002 902)	Director: Community and Social Services	3 797 165	9 656 425	(5 859 260)
-	-	-	Director: Technical Services	-	-	-
<b>55 388 182</b>	<b>63 524 127</b>	<b>(8 135 946)</b>	<b>Sub Total</b>	<b>58 855 602</b>	<b>68 073 795</b>	<b>(9 218 193)</b>
-	-	-	Less Inter-Departmental Charges	-	-	-
<b>55 388 182</b>	<b>63 524 127</b>	<b>(8 135 946)</b>	<b>Total</b>	<b>58 855 602</b>	<b>68 073 795</b>	<b>(9 218 193)</b>

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

**Namakwa District Municipality**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2015

	Cost / Revaluation										Accumulated Depreciation and Impairment						Carrying value R	
	Opening Balance R	Additions R	Take-on Assets	Transfer in	Transfer out	Disposals	Closing Balance R	Opening Balance R	Additions	Take-on Assets	Impairments	Depreciation	Transfer in	Transfer out	Disposals	R		
Executive Mayor	98 355	-	-	-	-	(875)	97 479	78 359	10 913	-	-	770	(2 310)	(874)	86 857	10 622		
Mayor: PA	51 447	60 196	-	-	-	-	111 643	26 025	14 718	-	-	48	(138)	-	42 651	68 992		
Speaker	57 443	-	-	-	-	-	57 443	47 215	5 520	-	-	646	(1 938)	-	51 444	6 000		
Speaker: Secretary	36 415	-	-	-	-	-	36 415	27 418	4 722	-	-	117	(352)	-	31 906	4 510		
Council: Councillors	5 432	-	-	-	-	-	5 432	6 480 917	259 024	33 800	-	151	(455)	-	5 130	302		
Council Exp: Admin	10 547 021	-	701 957	68 120	(68 120)	(691 061)	10 557 917	6 480 963	259 024	33 800	-	51 851	(53 289)	(300 450)	6 471 318	4 086 598		
Community Development Officer	15 840	-	-	-	-	-	15 840	12 432	3 108	-	-	1 036	(3 108)	-	13 488	2 072		
Municipal Manager: Admin	190 319	6 352	-	-	-	-	197 271	102 501	29 288	-	-	878	(2 033)	-	130 434	65 837		
Municipal Manager: Admin	33 234	-	-	-	-	-	33 234	27 200	3 487	-	-	390	(1 170)	-	29 908	3 327		
Deputy Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Internal Audit	28 040	20 795	-	-	-	-	(438)	48 397	14 386	4 818	-	356	(1 067)	(437)	18 058	30 339		
Administration - Admin	604 330	33 152	-	-	-	-	(9 630)	627 851	425 204	69 306	-	1 767	(5 301)	(9 572)	481 404	146 447		
Administration - HR	124 862	-	-	-	-	-	(2 511)	122 350	71 022	17 335	-	109	(326)	(2 482)	85 657	36 993		
Equitable Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Manager - Finance	880 785	-	-	-	-	-	(18 663)	864 122	632 977	123 261	-	15 965	(47 885)	(16 646)	707 682	156 461		
Finance - Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Finance - Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Safety	1 722 267	1 148 148	-	-	-	-	(32 286)	2 838 128	484 829	353 230	-	2 401	4 043	(12 128)	(32 204)	800 170	2 037 058	
Head - Economic Development	115 652	950	-	-	-	-	(2 059)	114 533	65 993	17 443	-	-	683	(2 049)	(4 556)	77 504	37 029	
Development & Marketing Officer	315 790	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Tourism	-	-	-	-	-	-	(15 419)	300 371	231 965	35 044	-	-	1 234	(3 702)	(15 300)	248 140	51 231	
Problem: Animal Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
PMS	712 655	206 032	-	-	-	-	(15 216)	903 468	357 755	107 470	-	-	6 194	(18 561)	(2 478)	450 365	453 110	
Head Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Council Buildings	3 126 523	118 565	-	-	-	-	-	3 245 088	653 195	384 259	-	-	2 877	(8 632)	-	1 231 700	2 013 388	
Council Vehicles	3 069 503	-	-	-	-	-	-	3 069 503	1 722 604	414 583	-	-	34 506	(138 024)	-	2 033 679	1 035 823	
Council Projects	364 893	-	-	-	-	-	-	(14 211)	350 752	291 797	38 180	-	2 212	(8 326)	(14 062)	312 555	38 197	
Environmental Health	173 488	20 795	-	-	-	-	-	-	194 263	112 188	24 336	-	-	1 525	(4 574)	-	133 485	60 778
Operational and Maintenance	13 782	-	-	-	-	-	-	-	13 782	12 377	1 191	-	-	372	(1 115)	-	12 825	938
PMU	17 481	-	-	-	-	-	-	-	17 481	8 351	4 166	-	-	-	-	-	12 538	4 943
Total	22 305 887	1 614 385	701 957	68 120	(68 120)	(800 384)	23 822 445	12 093 048	1 925 867	33 810	4 613	128 090	(316 496)	(399 072)	(13 459 852)	10 352 593		

The supplementary information set out in this appendix does not form part of the financial statements and is presented as additional information. Therefore this appendix is not audited.

**Namakwa District Municipality**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: GENERAL FINANCE STATISTICAL CLASSIFICATION**  
for the year ended 30 June 2015

2014			2014			2015		
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		Actual Income R	Actual Expenditure R	Surplus / (Deficit) R		
4 339 503	19 665 832	(15 326 329)	Executive & Council	10 178 921	23 835 695	(13 656 774)		
29 842 357	4 836 159	25 006 199	Budget & Treasury Office	30 086 099	5 406 218	24 679 882		
-	-	-	Waste Management	-	-	-		
12 570 379	21 457 064	(8 886 685)	Planning & Development	9 749 181	19 069 205	(9 320 024)		
-	61 845	(61 845)	Health	-	68 619	(68 619)		
2 300 000	4 309 588	(2 009 588)	Community & Social Services	2 428 800	4 608 649	(2 179 849)		
-	-	-	Housing	-	-	-		
1 089 196	4 020 665	(2 931 469)	Public Safety	1 368 365	4 979 157	(3 610 792)		
-	-	-	Sport & Recreation	-	-	-		
-	-	-	Environmental Protection	-	-	-		
5 246 747	9 172 975	(3 926 228)	Corporate Services	5 044 236	10 106 253	(5 062 017)		
-	-	-	Road Transport	-	-	-		
-	-	-	Waste Water Management	-	-	-		
-	-	-	Water	-	-	-		
-	-	-	Electricity	-	-	-		
-	-	-	Other	-	-	-		
<b>55 388 182</b>	<b>63 524 127</b>	<b>(8 135 946)</b>		<b>58 855 602</b>	<b>68 073 795</b>	<b>(9 218 193)</b>		
-	-	-	Less: Inter-Department Charges	-	-	-		
<b>55 388 182</b>	<b>63 524 127</b>	<b>(8 135 946)</b>	<b>Total</b>	<b>58 855 602</b>	<b>68 073 795</b>	<b>(9 218 193)</b>		

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Namakwa District Municipality

APPENDIX E  
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2015  
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS  
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2015 Actual R	2015 Under Construction R	2015 Total Additions R	2015 Budget R	2015 Variance R	2015 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council Budget & Treasury Office	87 343	-	87 343	108 000	(20 657)	-19.13% 0.00%	Savings realised on the purchase of office furniture for the office of the Executive Mayor. The purchase of an additional computer for the office of the Municipal Manager was not deemed necessary anymore.
Corporate Services	151 716	-	151 716	164 500	(12 784)	-7.77%	
Planning & Development Health	236 457	-	236 457	582 997	(346 540)	-59.44% 0.00%	Incorrect budget allocation to capital instead of operational. Budget was allocated for workstudy processes in the municipality as well as two B-Municipalities in the district.
Community & Social Services Housing	41 590	-	41 590	45 000	(3 410)	-7.58% 0.00%	Savings realised on the purchase of three laptops for Environmental Health Practitioners.
Public Safety Sport & Recreation Environmental Protection Waste Management Waste Water Management Road Transport Water Electricity	1 150 898	-	1 150 898	1 506 852	(355 954)	-23.62% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%	Re-aligned of budget due to major under-budgeting for a Fire Station. Budget utilised for another fire emergency vehicle in the Williston area.
Total	1 668 005	-	1 668 005	2 407 349	(739 344)	-30.71%	

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Namakwa District Municipality

APPENDIX F  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2014	Contributions during the year	Correction of Error	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015	Unspent 30 June 2015 (Creditor)	Unpaid 30 June 2015 (Debtor)
<b>National Government Grants</b>									
Finance Management Grant	50 229	1 250 000	-	-	(1 295 511)	-	-	4 718	-
RSC Levies Replacement Grant	-	25 671 000	-	-	(25 871 000)	-	-	-	-
Equitable Share	-	3 749 200	-	-	(3 749 200)	-	-	-	-
Concillors Remuneration Grant	-	2 615 000	-	-	(2 615 000)	-	-	-	-
Health Inspector's Subsidy	-	2 428 800	-	-	(2 428 800)	-	-	-	-
Municipal Infrastructure Grant	5 546	-	-	-	-	-	-	-	-
Municipal System Improvement Grant	2 454	934 000	-	-	(526 660)	(106 510)	-	5 546	-
PIMS	2 255	-	-	-	-	-	-	303 284	303 284
<b>Total National Government Grants</b>	<b>60 483</b>	<b>36 648 000</b>	-	-	<b>(36 286 170)</b>	<b>(106 510)</b>	<b>315 803</b>	<b>315 803</b>	-
<b>Provincial Government Grants</b>									
Border Fencing	54 239	-	-	-	(115 414)	(167 183)	-	54 239	-
Civil Defence Subsidy	217 000	3 115 000	-	-	(1 079 132)	-	-	249 403	-
EPWP	81 134	1 000 000	-	-	(405 694)	(680 158)	-	2 001	-
Fire Equipment Grant	896 659	3 115 000	-	-	(59 337)	-	-	125 806	-
IDP/LDO	458 222	-	-	-	-	-	-	398 885	-
Komagtas Road	1	-	-	-	-	-	-	1	1
SA Projects	8	-	-	-	-	-	-	-	-
Namaqua Sanitation Bucket System	157 114	-	-	-	(26 450)	-	-	130 665	8
NC Housing	455 923	-	-	-	-	-	-	455 923	-
Sakrivier Bridge	8 187	-	-	-	-	-	-	8 187	-
Khotso Pula Nala	6 425 215	-	-	-	(6 313 254)	-	-	111 951	-
Electronic Filing System	15 227	-	-	-	-	-	-	15 227	-
<b>Total Provincial Government Grants</b>	<b>8 768 923</b>	<b>1 630 000</b>	-	-	<b>(7 999 281)</b>	<b>(847 341)</b>	<b>1 552 295</b>	<b>1 552 295</b>	<b>(0)</b>
<b>Other Grant Providers</b>									
Spoebergvier Sport Ground (Lotto)	5 290	-	-	-	-	-	-	5 290	-
Swartizkop Sport Ground (Lotto)	207 475	-	-	-	(21 000)	-	-	207 475	-
Training Reserve (SETA)	2 000	22 842	-	-	-	-	-	3 842	3 842
Karniesberg Special Fund	2 297	-	-	-	-	-	-	2 297	-
Richtersveld Special Fund	3 013	-	-	-	-	-	-	3 013	3 013
<b>Total Other Grant Providers</b>	<b>220 075</b>	<b>22 842</b>	-	-	<b>(21 000)</b>	-	<b>221 917</b>	<b>221 917</b>	-
<b>Total Grants</b>	<b>9 049 487</b>	<b>38 300 842</b>	-	-	<b>(44 306 462)</b>	<b>(953 851)</b>	<b>2 090 015</b>	<b>2 090 015</b>	<b>(0)</b>

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